

In 1965, W. Marvin Rush founded Rush Enterprises (the “Company”) with a single GMC truck dealership in Houston, Texas. Today, Rush Enterprises has transformed into the largest network of commercial vehicle dealerships in North America. We are proud to provide commercial transportation solutions to organizations that move and supply essential goods, such as food and medicine, and provide essential services, such as trash removal, every day. The Company offers a complete portfolio of medium- and heavy-duty commercial vehicles and other innovative products and services through its dealerships and related businesses. The Company continues to build its business and its reputation with solutions that keep its customers, and the global economy, up and running.

Rush Enterprises has a proven track record of financial performance, but the Company’s leaders recognize that the sustainability and societal impact of an investment in Rush Enterprises is also of critical importance to many investors. Rush Enterprises believes that monitoring and taking action to address the Environmental, Social and Governance (“ESG”) factors utilized by investors to measure the sustainability and societal impact of investments benefits all of its stakeholders, including its employees, customers, communities and its shareholders, and are essential to the sustainable growth of the Company. ESG matters, including consideration of risks and opportunities presented by climate change, are overseen by the Nominating and Corporate Governance Committee of the Company’s Board of Directors, which regularly engages with the Company’s leaders to discuss Rush Enterprises’ ESG metrics.

ENVIRONMENTAL

Decades of scientific research provides evidence that global climate change is occurring. Rush Enterprises sells and services commercial vehicles primarily powered by diesel and gasoline internal combustion engines, which contribute significant amounts of greenhouse gas emissions. The manufacturers Rush Enterprises represents have made substantial progress in reducing the amount of greenhouse gas emissions from internal combustion engines, but these engines will become less prevalent as steps are taken to address the environmental threats to our planet. Reductions in the sale and use of commercial vehicles powered by internal combustion engines create obvious risks to the Company’s historical business operations, but also present significant opportunities. Due in large part to the size and resources of the Company, the geographic reach of its operations and its relationships with multiple manufacturers of commercial vehicles, Rush Enterprises is well-positioned to serve its customers’ evolving needs and help them reduce their greenhouse gas emissions by helping them integrate more eco-friendly, alternative fuel vehicles into their fleets.

RUSH ENTERPRISES’ PRODUCTS AND SERVICES.

Rush Enterprises is privileged to represent many of the largest and most innovative commercial vehicle manufacturers that are investing billions of dollars in the development of commercial vehicles with electric and other alternative fuel powertrains. The Company partners with the manufacturers it represents and other technology innovators to leverage its extensive dealership network to offer its customers vehicles with multiple types of vehicle fuel systems, including electric and renewable natural gas.

MOMENTUM FUEL TECHNOLOGIES. Since 2015, Rush Enterprises’ Momentum Fuel Technologies (“Momentum”) division has manufactured compressed natural gas (“CNG”) fuel systems for use in commercial vehicles. Momentum’s CNG fuel systems are paired with CNG engines manufactured by Cummins Inc. on commercial vehicles produced by several manufacturers. Increased use of natural gas-powered commercial vehicles provides immediate and significant reductions in greenhouse gas emissions.

The cleanest heavy-duty internal combustion engines in the world at this time are powered by natural gas. Natural gas engines emit 10% of the NO_x (nitrogen oxides) that diesel engines meeting the U.S. Environmental Protection Agency's current NO_x emissions emit. In addition, when a natural gas vehicle is fueled with renewable natural gas, greenhouse gas emissions are reduced even further. Studies have shown that fueling heavy-duty vehicles with renewable natural gas produces the most carbon-negative Low Carbon Fuel Standard option (lower than electricity and hydrogen vehicles) according to California's carbon intensity data. Additionally, fueling commercial vehicles with renewable natural gas significantly improves air quality by reducing the amount of methane released from wastewater treatment facilities, landfills, animal waste and other methane sources.

SUPPORT FOR ALTERNATIVE FUEL VEHICLES. There are several obstacles fleet owners face when seeking to operate commercial vehicles that are powered with alternative fuels. First and foremost is the increased cost of the alternative fuel vehicles. In many instances, incentives are available from various government entities to offset the increased price of such vehicles. Rush Enterprises provides its customers with expertise to obtain these incentives, which makes it easier for the Company's customers to purchase alternative fuel vehicles.

Another significant barrier to the adoption of alternative fuel commercial vehicles is the infrastructure required to fuel these vehicles – especially electric vehicles. Publicly available electric vehicle charging infrastructure for medium- and heavy-duty commercial vehicles in the United States is virtually non-existent. The construction of charging stations is a complicated process involving government agencies, utilities, design engineers and contractors. Rush Enterprises has assembled a team to assist customers with the design and construction of their electric vehicle charging infrastructure, including working with government agencies and utilities to obtain incentives to help fund the construction of the charging infrastructure.

ADDITIONAL SERVICE OFFERINGS THAT RESULT IN REDUCED EMISSIONS. Rush Enterprises provides its customers with reliable service and maintenance for alternative fuel vehicles. The Company has service bays dedicated to servicing natural gas vehicles at certain Rush Truck Centers and hundreds of technicians trained to work on alternative fuel vehicles. Rush Enterprises' Custom Vehicle Solutions division also installs and retrofits CNG and propane fuel systems, including those manufactured by Momentum, on medium- and heavy-duty commercial motor vehicles to provide customers with an alternative to diesel engines.

In addition to offering for sale the latest and most eco-friendly vehicles from the manufacturers it represents, Rush Enterprises also offers its customers the latest vehicle monitoring and performance technologies to ensure their vehicles are operating efficiently, which helps to minimize their carbon footprint. The Company provides telematics software and fleet maintenance support tools that enable customers to optimize their fleet fuel-efficiency through real-time analytics of engine performance, vehicle fleet travel, fuel usage and driver behavior.

RUSH ENTERPRISES' OPERATIONS.

Rush Enterprises understands that it must be accountable for its impact on the environment and take appropriate action to reduce greenhouse gas emissions, which impact climate change, and the Company is committed to minimizing its own carbon footprint and limiting the hazardous wastes from its operations. Rush Enterprises recognizes that it can and must advance with an eye on its own sustainability, while also helping its customers and communities become more sustainable.

The pillars of Rush Enterprises' Environmental Management System are: (i) reducing the use of hazardous materials and waste products and effectively containing what is used; (ii) maximizing recycling and repurposing of generated wastes; (iii) minimizing energy and water usage; and (iv) minimizing consumption of fossil fuels.

REDUCING THE USE OF POTENTIALLY HAZARDOUS CHEMICALS. Rush Enterprises replaced more than half of its traditional solvent-based parts washers with safer and eco-friendly water and microbial-based parts washer systems. This change reduced the Company's traditional solvent usage by approximately 50%.

Rush Enterprises currently operates 27 body shops across the country with paint booths and also has paint booths at four other facilities. The paint used by Rush Enterprises in its paint booths contains low levels of volatile organic compounds, which reduces employee exposure to harmful chemicals and minimizes the Company's environmental impact.

Rush Enterprises has always been committed to strict compliance with federal and local environmental regulations. Employees of Rush Enterprises are trained to prevent spills of toxic chemicals and to act immediately to contain any spills that occur. The Company continuously seeks to improve its spill prevention and response efforts through targeted training of managers and employees and regular safety and environmental audits. As a result, Rush Enterprises and its subsidiaries have not been subjected to any significant fines for spills or related non-compliance in the last five years.¹

MAXIMIZING RECYCLING AND REPURPOSING OF GENERATED WASTES. Rush Enterprises works with industry leading waste haulers and recycling companies to maximize the amount of waste that is diverted from traditional landfills. Rush Enterprises measures its annual solid waste generation and recycling. In 2020, the Company diverted more than 1,000 tons of waste from landfills representing environmental savings of approximately 1,985 metric tons of greenhouse gas emissions (carbon dioxide equivalents or CO₂e) or 1,143 kilowatts (kW) of electric power.

Because the Company's operations must use materials that are potentially hazardous to the environment, the Company is committed to the proper handling, recycling and reclamation of these materials.

Lubricants and Other Fluids: In 2020, Rush Enterprises recycled or reclaimed:

- Over 600,000 gallons of used oil (approximately 90% re-refined for resale as engine and lubricant oils in retail markets and 10% reclaimed as heating oil and similar reuses)
- Over 24,000 gallons of engine coolant
- Over 165 metric tons of used oil filters
- Over 14,000 gallons of the Company's used cleaning solvents that are processed for reuse

Tires: 100% of the tires the Company replaces in its operations are retreaded, recycled or responsibly disposed.

Batteries: 100% of all batteries replaced in the Company's service departments are recovered, recycled or responsibly disposed.

Paper Products: The Company contracts with a national document management company to recycle paper generated by its operations. In 2020, we recycled 120 metric tons of paper resulting in environmental benefits equal to a reduction of 298,875 kilowatt hours (kWh) of electricity or 211 metric tons of CO₂e.

¹Significant spills are defined as 25 gallons or more or a spill that must be reported under state or federal law.

The Company also partners with a national waste management company to maximize collection and recycling of its cardboard packaging waste.

Remanufactured Parts: A significant part of the Company's parts and service revenues are generated from the sale and installation of remanufactured parts such as engines, transmissions, alternators, differentials and drivelines (>20% of total parts revenue, or \$292 million in 2020). Remanufacturing is the process of returning previously used components to "like new" condition. Remanufactured parts are high quality parts created by reusing materials and existing products, eliminating the need to duplicate the additional use of energy to recreate those products. In addition to offering its customers a wide range of remanufactured, yet fully warranted, products to enable them to effectively reduce their carbon footprint, Rush Enterprises annually returns tens of millions of dollars in "core" components to manufacturers to enable them to remanufacture more parts.

MINIMIZING ENERGY AND WATER USAGE. Rush Enterprises continuously strives to become more efficient in its energy and water use. Rush Enterprises captures data on all its facilities' energy use through utility aggregators. The Company analyzes year-over-year energy and net water consumption and is implementing a process to accurately quantify the Company's contribution to greenhouse gas emissions to measure the success of the steps the Company is taking to reduce greenhouse gas emissions.

The Company's on-going initiatives to minimize energy and water usage include employing efficient systems and fixtures in construction, remodeling and routine maintenance of its facilities, including installing the following:

- LED Exterior Lighting
- LED Sensor-enabled Interior Lighting
- High-efficiency HVAC systems
- Low water flow bathroom fittings

Rush Enterprises has invested millions of dollars upgrading its sales, service, leasing, warehousing and manufacturing facilities to LED lighting since 2014. The Company's extensive, on-going facility lighting retrofit projects reduced the Company's overall annual energy consumption by 3,406,826 kWh in 2020 alone. This equates to an approximate reduction of 2,409 metric tons of CO₂e. Additional LED lighting upgrades currently scheduled for 2021 are estimated to result in additional annual energy reductions of 2,726,785 kWh (or 1,928 metric tons of CO₂e). A further benefit of these lighting upgrades is that the Company is replacing fluorescent and metal halide fixtures – eliminating the hazardous materials disposal issues associated with those lighting fixtures.

Rush Enterprises is also making significant investments in solar power systems at its dealerships to decrease its electricity expense and increase its usage of renewable energy. Many of the Company's dealerships have large roof areas that are the ideal location for the installation of solar power systems.

The Company's first solar power system installation was a carport solar project at its dealership in San Antonio, Texas, which went live in June of 2020. The carports hold over 3,500 solar panels, which simultaneously protect the dealership's new commercial vehicle inventory from the elements, including extreme heat and hail, while generating electricity. The installation is part of a community solar project that sends 1.8 million kilowatt-hours of electricity to the electric grid per year, and allows customers who rent or do not have optimal rooftop sunshine to participate in solar

generation by purchasing and owning their own panels that are located at the Company's dealership. Rush Enterprises purchased 1,398 of the panels, which generated approximately 246,368 kWh of clean energy in the second half of 2020.

The Company is currently installing solar power systems at facilities in Texas, California and Florida. These solar power systems are expected to generate over two million kWh of clean energy annually. The Company operates in many areas of the country in which investments in solar power systems make financial and environmental sense. Accordingly, the Company expects to continue to make substantial investments in solar power systems.

MINIMIZING CONSUMPTION OF FOSSIL FUELS.

Vehicles Operated by the Company. Rush Enterprises operates a fleet of over 1,700 vehicles. These vehicles are primarily used to deliver parts and to provide mobile service. The Company continues to improve the overall fuel efficiency of its fleet by transitioning from eight-cylinder engines to more fuel efficient four- and six-cylinder engines. In the last five years, Rush Enterprises has replaced more than 40% of its fleet with more fuel-efficient vehicles.

Rush Enterprises also employs customized logistics and route optimization tools for delivering parts, allowing it to minimize the miles the Company's vehicles drive, resulting in lower fuel consumption and emissions. 99% of the Company's fleet vehicles have been outfitted with telematics devices which allows the Company to monitor its vehicles' performance from the standpoint of both safety and fuel efficiency. These efforts, coupled with the use of auto-start stop technology and similar on-board vehicle idle limiters, have allowed the Company to reduce vehicle idle time, reduce the amount of gasoline and diesel fuel consumed by the Company's vehicles and reduce the Company's greenhouse gas emissions. Since 2017, the Company has improved the miles-per-gallon fuel efficiency of its fleet by approximately 24% with an average annual savings of 287,000 gallons of diesel and gasoline fuel. This equates to annual greenhouse gas emissions of 2,700 metric tons of CO₂e.

Rush Enterprises also intends to begin utilizing electric vehicles for parts delivery as these vehicles become available. The majority of the Company's vehicles are Ford F-150s. Ford currently estimates that an electric F-150 will be commercially available in 2022. Rush Enterprises is currently designing charging infrastructure at several of its dealerships in California to enable it to begin using electric F-150s as soon as the vehicles are available.

Vehicles the Company Rents and Leases. Rush Enterprises continuously upgrades the commercial vehicles it rents and leases to its customers to ensure that it is offering the newest and most fuel-efficient technologies offered by the manufacturers the Company represents. Most of the commercial vehicles that Rush Enterprises rents or leases to its customers are manufactured by Peterbilt or Navistar. Both Peterbilt and Navistar continually invest in technologies to reduce greenhouse gas emissions in the vehicles they manufacture. Rush Enterprises expects to rent and lease electric vehicles to its customers.

Many of Rush Enterprises' customers choose full-service lease and contract maintenance programs. Under these programs, the Company's service technicians ensure that its customers' vehicles are operating safely, and at optimal efficiency to minimize fuel consumption and reduce emissions.

DISRUPTION TO OPERATIONS FROM CLIMATE CHANGE.

Rush Enterprises is cognizant of the risks and disruptions to its operations from the effects of climate change and natural disasters. Many of Rush Enterprises’ dealerships are in areas that are susceptible to extreme weather events such as heat waves and large storms that scientific studies indicate are likely to become more frequent or more intense due to climate change.

In recent years, several of the Company’s dealerships in Texas, Alabama and Florida have been impacted by hurricanes and flooding associated with hurricanes. Rush Enterprises has invested in emergency preparedness and action plans and physical loss prevention programs to mitigate the risks of natural disasters disrupting the Company’s ability to serve its customers. Additionally, the Company’s connected dealership network and experience deploying and managing mobile and embedded technicians allows it to quickly mobilize vehicles, parts, equipment, and technicians to wherever they are needed to assist its customers in areas impacted by extreme weather events.

2020 RESOURCE CONSUMPTION AND SAVINGS.

ESTIMATED CONSUMPTION
Electricity – 210,077 gigajoules (58,354,606 kWh)
Natural Gas – 1,706,004 therms
Water – 63,000,148 gallons
Diesel/Gasoline Fuel – 3,399,073 gallons

ESTIMATED ENERGY AND GREENHOUSE GAS SAVINGS:
Electricity generated (solar) – 246,368 kWh or 174 metric tons CO ₂ e
Energy-saving LED lights – 3,406,826 kWh or 2,409 metric tons CO ₂ e
Diverted waste – 2,807,000 kWh or 1,985 metric tons CO ₂ e
Paper recycling – 298,875 kWh or 211 metric tons CO ₂ e
Increased fleet fuel efficiency – 287,000 gallons of fuel or 2,700 metric tons CO ₂ e

SOCIAL

COMPANY CULTURE AND ENGAGEMENT.

From the Company’s start in 1965, its founder, Marvin Rush, emphasized that our employees are the lynchpin of the Company’s success. Our concern for the welfare of all individuals at Rush includes the commitments set forth in Rush Enterprises’ [Human Rights Policy](#). Rush Enterprises strives to be considered a great place to work and an employer of choice. One critical component of the Company’s efforts are annual employee engagement surveys.

The Company conducts comprehensive employee engagement surveys designed to measure organizational culture and engagement. The Company’s employee engagement survey is used to measure employee engagement, identify employee concerns and obtain employee opinions about the Company, local and executive leadership and employees’ work environments. The Company’s leadership reviews the results of each engagement survey and asks leaders throughout the Company to establish action plans to improve employee engagement at their work locations. Data collected in each annual employee engagement survey is maintained and used to track the Company’s progress against its goals around becoming an employer of choice.

SAFETY.

Promoting a safe and healthy workplace is the Company's highest priority. Whether employees are under the hood of a tractor, test-driving customer vehicles, delivering parts or maintaining service bays, keeping employees safe and free of injury is of utmost importance. The Company's Ethics and Compliance Department is continuously improving its safety programs and analyzing safety metrics. The Company's safety expectations are grounded in the following principles:

1. All workplace injuries are preventable.
2. Following the Company's safety policies, which incorporate safety best practices and behaviors, prevents injuries.
3. Leadership engagement and commitment to safety is required at all levels of management, and safety should be considered in all business decisions.
4. Employees are expected to take responsibility for the safety and well-being of themselves and those around them.
5. Compliance with applicable safety laws and regulations is absolutely required of all employees.

The Company utilizes a mixture of leading and lagging indicators to assess the health and safety performance of its operations. Lagging indicators include the OSHA Total Recordable Incident Rate ("TRIR") and the Lost Time (or Lost Workday) Incident Rate ("LTIR") based upon the number of incidents per 100 employees (or per 200,000 work hours). Leading indicators include training completion rates, tracking of safety meeting minutes, and recording of near misses, as well as other proactive actions taken to ensure employee safety. In 2020, the Company had a TRIR of 4.19 and an LTIR of 0.67, excluding COVID-19-related incidents.

By reducing the Company's OSHA recordable injury rate by more than 33% and lost time incident rate by 40% from 2015 to 2020, Rush Enterprises not only reduced the harm to its employees, but also saved close to \$2 million and 2,400 work days.

Rush Enterprises has developed a comprehensive safety training program to reinforce a culture of safety through numerous channels including interactive, risk-based online training, dealership safety audits and safety committees. Rush Enterprises recently created the "Safety Excellence" awards program to recognize employees throughout the organization who are improving the safety of the Company's workplaces.

Rush Enterprises is also minimizing risk and enhancing the safety of its fleet operations, which includes approximately 1,700 medium- and light- duty mobile service and parts delivery vehicles. The Company's Ethics and Compliance Department oversees driver performance management, including compliance with DOT regulations, monitors accident metrics, and provides employees with job-specific, on-line driver training courses from the time of on-boarding throughout their employment with the Company.

EMPLOYEE WELL-BEING.

COMPENSATION AND BENEFITS. The Company's compensation program is designed to provide a compensation package that will attract, retain, motivate and reward employees who must operate in a highly competitive and technologically

challenging environment. In general, the Company's compensation program is comprised of:

- Base salary or hourly rate;
- Commissions for employees in front-line customer facing roles;
- Vacation leave, sick leave and other forms of paid time off;
- Employee benefits and other perquisites
- Cash performance bonuses for certain employees; and
- Equity incentive awards for senior leaders.

Rush Enterprises is committed to fair pay. Employees of the Company receive a base level of monthly or hourly compensation for the expertise, skills, knowledge, and experience they offer to the Company. In 2020, the Company established a minimum hourly wage of \$15.00 an hour. See *Appendix* for SASB Disclosures regarding average hourly wages and turnover rates.

The Company provides annual performance bonuses for employees in bonus-eligible positions. These bonuses are based on the overall financial success of the Company, the performance of specific departments or locations for dealership level managers and individual performance, including compliance with the Company's policies.

Some employees of the Company receive equity incentive awards. The Company provides equity incentive awards to: (i) allow key employees to participate in the Company's profitability and long-term growth; (ii) maximize retention leverage; and (iii) align such employees' interests with those of its shareholders.

The Company is committed to providing comprehensive benefit options and offers benefits that will allow its employees and their families to live healthier and more secure lives. Some examples of the Company's wide-ranging benefits offered are: medical insurance, prescription drug benefits, dental insurance, vision insurance, hospital indemnity insurance, accident insurance, critical illness insurance, a smoking cessation assistance program, life insurance, disability insurance, health savings accounts and flexible spending accounts. Rush Enterprises also has a 401(k) retirement plan and matches a portion of each employee's contributions based on employee tenure.

Finally, the Company has an Employee Stock Purchase Plan that allows all employees to contribute up to 10% of their base earnings toward the semi-annual purchase of the Company's Class A Common Stock. An employee's purchase price is 85% of the lesser of the closing price of the Class A Common Stock on the first business day or the last business day of the semi-annual offering period, as reported by the NASDAQ® Global Select Market. Employees may purchase shares having a fair market value of up to \$25,000 (measured as of the first day of each semi-annual offering period) each calendar year.

EMPLOYEE DEVELOPMENT AND TRAINING. Identifying, hiring and retaining well-trained, experienced employees is critical to the ongoing success of the Company. By recruiting the best candidates for open positions and continually providing the Company's employees with a defined path for development and career advancement, the Company believes that it will be successful in retaining employees. The Company is implementing an employee talent management ecosystem that incorporates candidate assessments, ongoing learning and development, performance management and succession planning for the purpose of identifying developmental and growth opportunities to support the advancement of its employees.

A cross-functional group of employees from the Company's operations teams and members of the Company's Learning and Development Department work to identify the Company's strategic training needs and prioritize the development of appropriate training content to ensure alignment with the Company's strategic goals. The Company's learning and development programs are delivered through *Rush University*, an intranet-based employee portal. Course work in *Rush University* is assigned pursuant to curricula based upon job role. The Company's learning and development programs are designed to encourage the development and advancement of talent from within the Company to ensure the Company continuously fills its ranks with qualified employees for management positions and other critical positions in the Company.

The Company created a program focused on developing key management and leadership skills called the "Rush Foundational Leader Program," which teaches basic management skills and includes a course focused on the importance of diversity and inclusion in the workplace. The Company believes that a diverse and inclusive work environment can help establish a sense of belonging among employees, which produces higher quality work and improved business results.

Service and body shop technicians make up nearly 40% of the Company's employees. Several years ago, the Company established a formal mentorship program led by experienced service and body shop technicians who serve as mentors to newly hired service and body shop technicians entering the profession. The goal of this program is to enhance and develop the technical skills of entry-level service and body shop technicians to increase their likelihood of career success. This program also helps the Company identify top performers and employees in need of further support or training. The mentorship program is designed to improve employee performance and retention of both mentors and mentees in the program.

Rush Enterprises offers its service and body shop technicians training from the manufacturers it represents, apprentice programs, self-study courses, Automotive Service Excellence (ASE) certification programs and a tuition reimbursement program to qualifying candidates.

The Company's New Graduate Management Trainee Program identifies and recruits new talent from colleges and universities across the country and provides on-the-job training for them to fulfill various roles within the Company's dealership network. When participants complete the program, they are equipped with the knowledge required to meaningfully contribute to the successful operations of the Company's dealerships.

In 2020, employees of Rush Enterprises, including management, completed approximately 72,000 hours of online training, excluding Original Equipment Manufacturer and ASE-related training by technicians. This includes approximately 12,700 hours of ethics and compliance training, 13,000 hours of safety training and 5,600 hours of training on sexual harassment and discrimination.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING. Freedom of association and the right to collective bargaining are fundamental rights. As such, Rush Enterprises is committed, in accordance with applicable local laws, to respect the rights of all employees to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly. Rush Enterprises also respects the rights of workers to refrain from such activities. The Company believes its employees and their representatives should be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation or harassment.

COMMUNITY INVOLVEMENT. Rush Enterprises encourages its employees to get involved in charitable causes that are important to them and their local communities. Employees of the Company make amazing contributions, from supporting Future Farmers of America to Habitat for Humanity, to restoring bicycles for needy children to leading disaster response organizations and hundreds of other worthy causes. The Company's Director of Engagement and Culture also spearheads an annual campaign for donations to local Food Banks, which has resulted in hundreds of thousands of pounds of food donations. The Company regularly highlights the generous efforts of its employees on *RushNet*, the Company's intranet site, and annually recognizes outstanding achievement with the "Volunteer of the Year" award.

RUSH ENTERPRISES FOUNDATION. Employees of Rush Enterprises at every level of the organization support one another through generous contributions to the Rush Enterprises Foundation, which was established by employees of Rush Enterprises to help fellow employees in times of financial crisis. Since 2017, the Rush Enterprises Foundation has provided employees and their families with hundreds of thousands of dollars in financial assistance in response to natural disasters, such as hurricanes, and other unforeseeable hardships.

ETHICS AND GOVERNANCE.

ETHICS AND HUMAN RIGHTS COMPLIANCE.

The Company's core values define its culture and reflect the way its employees interact with customers, suppliers, co-workers, shareholders and our communities. Rush Enterprises' core values are Productivity, Fairness, Excellence and Positive Attitude.

- Productivity means constantly striving toward efficiency and success in all interactions and activities while working with a common purpose and sense of urgency.
- Fairness characterizes the honesty, integrity, truthfulness, dependability and reliability in everything the Company does, and includes zero tolerance for any type of discrimination.
- Excellence means doing it better than everyone else does. Excellence is reflected in Rush Enterprises' first-class facilities, quality products and services, motivated and talented employees, superior results for the customer and consistency throughout the organization.
- Positive Attitude means approaching every day with excitement and passion for the work and dedication to the Company's customers with positive intensity.

Each of these core values is embodied in Rush Enterprises' code of conduct - the "*Rush Driving Principles*." Ensuring a high level of ethical behavior, compliance with the law and adherence to the *Rush Driving Principles* is understood to be the responsibility of every employee of Rush Enterprises. "Fairness" - to its employees, customers, vendors, communities and its competitors - is a pillar of Rush Enterprises' corporate culture that has been embossed on the "Rush Coin" given to all employees for nearly three decades. Employees of the Company are required to train and certify understanding and agreement to comply with the *Rush Driving Principles* in connection with hiring and onboarding and annually thereafter.

The Company's training on the *Rush Driving Principles* covers a variety of important legal, regulatory and ethical topics. In addition, the Company offers separate, in-depth training on a variety of topics, including discrimination and harassment, conflicts of interest, insider trading and anti-corruption. Adherence to the *Rush Driving Principles* is also

emphasized through worksite postings on regularly updated bulletin boards and alerts distributed to employees via email and posted on *RushNet*. The Company also regularly recognizes employees demonstrating ethical behavior and conduct exemplifying the *Rush Driving Principles* on *RushNet* and in monthly *Compliance Matters* newsletters.

The Company's Chief Compliance Officer and the Ethics & Compliance Department oversee the Company's ethics and compliance programs, providing managers and employees with compliance advice, tools and training, while also auditing compliance of the Company's operations and dealerships. The Ethics & Compliance Department performs regular compliance risk assessments to identify and address new areas of risk and tailors its compliance programs to the evolving risks. The Chief Compliance Officer has a direct reporting line to the Chairman of the Audit Committee of the Board of Directors, and the entire Board regularly assesses the efficacy of the Company's compliance programs in accordance with the U.S. Department of Justice's *Guidelines on Evaluation of Corporate Compliance Programs*.

Rush Enterprises has implemented anonymous reporting and employee dispute resolution and grievance programs, which afford employees multiple avenues to voice their opinions and complaints without fear of retaliation. From open-door management policies to the Company's anonymous Ethics Helpline operated by a reputable, independent third-party service provider, Rush Enterprises encourages all its employees to "speak up" and report issues they believe need to be addressed. The Company's anonymous Ethics Helpline is not only available to employees of Rush Enterprises, but also to customers, vendors and suppliers, competitors, members of the communities in which the Company operates and the general public.

Reports to the Company's Ethics Helpline are investigated by the Company's Ethics & Compliance Department, which involves the Legal Department, the Human Resources Department and other departments as necessary. Retaliation against any employee who files a report with the Company's Ethics Helpline is strictly prohibited. Summaries of all reports to the Ethics Helpline that include details of the corrective action taken to resolve concerns raised in such reports are provided to the Company's Board of Directors and Chief Executive Officer on a quarterly basis. The Company's locations are scored on their ethical performance and exemplary locations are recognized annually with "Ethical Behavior" awards.

NON-RETALIATION POLICY.

Rush Enterprises fosters a culture of compliance by ensuring that all employees feel comfortable questioning compliance with Company policies and reporting concerns. To support these efforts, the Company is committed to a strict "no retaliation" standard with respect to reports of violations of the Company's policies as well as reports of violations of law. There are no reprisals for raising concerns or reporting violations in good faith. Rush Enterprises also protects its employees from retaliation arising from their participation in any investigation of reported concerns. The Company has a zero-tolerance policy against retaliation and retains the right to take appropriate disciplinary action against the retaliating person, up to and including termination of employment, if a retaliation complaint is substantiated.

NO DISCRIMINATION AND NO HARASSMENT.

Rush Enterprises has a zero-tolerance policy for discrimination of any kind, including on the grounds of race, color, religion, gender or gender identification or expression, sexual orientation, ethnicity or national origin, age, disability or any other characteristics protected by law, in hiring and employment practices such as wages, promotions, benefits,

and access to training. Rush Enterprises is an equal opportunity employer, and employment with Rush Enterprises is based solely upon individual merit and qualifications directly related to the job.

Rush Enterprises is also committed to eliminating harassment and the threat of harassment of employees or co-workers of any kind, including on the grounds of race, color, religion, gender or gender identification or expression, sexual orientation, ethnicity or national origin, age or disability, or any other type of behavior that is hostile, disrespectful, abusive or humiliating.

Harassment or discrimination can take many forms, such as verbal, visual or physical. Regardless of the form, the Company encourages its employees to “speak up” to maintain a respectful workplace for all the Company’s employees.

DIVERSITY AND INCLUSION.

Rush Enterprises recognizes that a diverse, talented and engaged workforce provides a competitive advantage and is a key driver of the Company’s long-term sustainability. The success of Rush Enterprises is a direct result of the quality and skill of its employees. Management of the Company understands that practicing inclusion enables Rush Enterprises to attract and maintain the best talent by ensuring that no one is excluded from the workplace or denied the opportunity to develop skills and talents consistent with the Company’s values and business objectives. Rush Enterprises believes that a diverse and inclusive environment can help establish a sense of belonging among employees, which makes employees feel more connected at work and leads to higher quality work. More than ever, Rush Enterprises is focused on fostering a diverse workforce and the valuable range of experiences and perspectives that come with it.

Rush Enterprises launched its Women’s Leadership Initiative (“WLI”) on International Women’s Day in 2016. WLI’s mission is to enhance the Company’s culture and support the recruitment, development and retention of the Company’s female employees. WLI conducts monthly webinars open to all employees featuring internal and external speakers who provide overviews of their departments and roles and lead discussions on leadership and other similar topics. WLI provides participants opportunities to hear from different leaders across the Company and to gain exposure to resources and Company personnel with the purpose of fostering relationships, support networks and a sense of belonging for all employees.

The Company is also paying attention to the diversity of its suppliers and vendors. Procurement professionals at Rush Enterprises are gathering information on the women-owned, minority-owned, and other underrepresented businesses that support the Company’s operations to inform future contracting decisions and promote diversity in the communities in which the Company does business.

ANTI-BRIBERY AND ANTI-CORRUPTION.

Rush Enterprises endeavors to compete fairly, with the highest ethical standards and transparency. The Company’s employees must comply with all anti-bribery and anti-corruption laws in the jurisdictions in which the Company operates. Rush Enterprises is fortunate to support many governmental and quasi-governmental entities with products and services, and the Company trains its employees to ensure they avoid even the appearance of impropriety in the Company’s business activities. More information is available in the [Business Practice and Ethics Anti-Corruption Policy \(including Compliance with the Foreign Corrupt Practices Act\)](#).

POLITICAL ACTIVITIES AND LOBBYING.

Rush Enterprises encourages its employees to play an active role in the communities where they live and work while

keeping personal political activities separate from work. The Company asks its employees to participate in the political process on their own time, at their own expense, using their own resources. Rush Enterprises embraces the idea that each employee has the right to their own political views and the responsibility to respect others' rights to their own political views.

Rush Enterprises generally does not make political contributions and will not reimburse employees for contributions they make. Rush Enterprises does not have a political action committee at this time but recognizes that there may be situations in which it is in the Company's best interests to make political contributions to candidates, political parties or political organizations in the future.

Rush Enterprises engages a lobbyist for \$66,000 per year to assist it with matters related to the regulation of automobile dealerships in the State of Texas. The Company makes periodic contributions to trade or industry associations that are engaged in political activity or even engage external lobbyists. However, the Company's contributions to these organizations are generally for purposes other than the lobbying efforts of those organizations. For example, the Company is a member of the automobile dealers' association in many of the states in which it has dealerships. Rush Enterprises has joined these state automobile dealers' associations because employees of the Company regularly request information from these associations regarding various regulatory issues in each state, particularly pertaining to the licensing of the Company's dealerships.

The Company ensures that any political contributions or activities are in accordance with applicable laws and made pursuant to the Company's Policy on Political Contributions, Industry Associations and Lobbying.

PRODUCTS, SUPPLIERS AND PRINCIPLES.

Rush Enterprises is committed to ensuring that the products it sells and produces do not contain metals derived from minerals or other derivatives originating from conflict regions that directly or indirectly benefit armed groups confirmed or accused of human rights violations. In addition to the Company's own annual report on conflict minerals that is filed with the Securities and Exchange Commission ("S.E.C.") each year, the Company requires prospective vendors, both domestic and international, to acknowledge and adhere to conflict minerals guidelines and principles.

Rush Enterprises is also committed to respecting the basic human rights of all, as embodied in the United Nation's Universal Declaration of Human Rights. Our commitment is also set forth in Rush Enterprises' Human Rights Policy. In its capacity as a franchised retailer of commercial vehicles and parts, the Company purchases finished products from respected manufacturers, such as PACCAR, Inc., Navistar, Inc., Ford Motor Company and Cummins, Inc., each of which have extensive supplier codes of conduct and associated compliance programs to ensure core principles of human rights are upheld.

Rush Enterprises understands that it must endeavor to ensure that its suppliers are upholding core principles of human rights, particularly as pertains to procurement of the Company's Rig Tough private label parts and the manufacturing of the components of the natural gas fuel systems by Momentum Fuel Technologies. Accordingly, Rush Enterprises has also adopted a Supplier Code of Conduct reflecting the basic human rights and fairness principles contained in its Human Rights Policy and the Rush Driving Principles. Prospective suppliers of products are provided the Rush Enterprises Supplier Code of Conduct and required to acknowledge their understanding and compliance. The Company has also begun a program to conduct in-person audits of the Company's Rig Tough proprietary parts line suppliers' compliance with the Rush Enterprises Supplier Code of Conduct, including in Asia.

TAXES AND GOVERNMENT ASSISTANCE.

The Company does not engage in international transfer pricing as a means of tax avoidance, and the Company does not have a presence in tax jurisdictions enabling tax base erosion and profit shifting. The Company does take advantage of certain tax credits, such as the Work Opportunity Tax Credit, that are generally available to all taxpayers.

Generally, the Company does not receive financial assistance from any governments in the form of grants, tax relief or any other types of financial benefits. However, in 2016 the Company entered into an agreement with a municipality that entitles the Company to a rebate of some sales tax paid by customers of the Company through 2027 in exchange for the Company's decision not to relocate its facility to a different municipality. This is the only agreement that the Company has entered into with a government that provides for any financial benefits since 2016.

GOVERNANCE – BOARD OF DIRECTORS.

Rush Enterprises' corporate governance structures and policies maximize the Company's long-term success and stakeholder value. Our commitment to good corporate governance ensures the continued trust of our shareholders, customers, employees, suppliers and our communities. Our *Rush Driving Principles* guide and inform the actions of Rush Enterprises' management, employees and Board of Directors.

The business of the Company is managed under the direction of the Board of Directors which is also responsible for the Company's risk oversight function. The Board of Directors, with the assistance of its standing committees, Chief Executive Officer, Chief Financial Officer, General Counsel and other officers of the Company, regularly identifies, evaluates and discusses the material enterprise risks that could impact the Company's operations and tactical and strategic decisions. These enterprise risks include operational, financial, legal, regulatory, market and reputational risks. The Board of Directors receives periodic assessments of the Company's risk management policies and controls.

The Audit Committee, the Compensation Committee and the Nominating and Governance Committee are the three standing committees of the Board of Directors. The charters for the three standing committees of the Board of Directors are available at the "Investor Relations – Corporate Governance" section of the Company's website at www.rushenterprises.com.

Our Board of Directors has established independence guidelines that are described in our *Corporate Governance Guidelines*. The Board of Directors has determined that each member of the Board, with the exception of the Chairman, Mr. W.M. "Rusty" Rush, is independent and all members and chairs of the committees of the Board are independent, as defined by the listing standards of the NASDAQ® Global Select Market and applicable S.E.C. rules and regulations.

Mr. Rush serves as the Chairman of the Board, President and Chief Executive Officer of the Company. The Board of Directors of the Company has determined that the appointment of our President and Chief Executive Officer as the Chairman of the Board of the Company promotes a unity of vision for the Company as it implements its strategic objectives. In addition, the President and Chief Executive Officer is the director most familiar with our business and operations and is uniquely situated to lead discussions on important matters affecting the business of the Company, as well as its day-to-day operations and risks.

Our Board of Directors does not have a designated "lead independent director." The Board of Directors has concluded that the appointment of a lead independent director is not necessary because each of the independent directors plays

an active role in Board matters. Notwithstanding, the Company's nonemployee directors communicate frequently and hold regular executive sessions, with the appropriate nonemployee director presiding over each such meeting depending on the topics to be discussed.

The Company has also adopted a *Code of Ethics for Senior Financial Officers* that applies to the Company's Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Controller and other employees performing similar functions. Only the Board of Directors (or the Audit Committee or other appropriate committee thereof) can amend or grant waivers from the provisions of the *Code of Ethics for Senior Financial Officers*.

The Nominating and Governance Committee strives to identify future potential directors from potential candidates identified by management, individual directors, shareholders or others. The Nominating and Governance Committee considers factors such as independence, judgment, skill, diversity, experience with businesses and other organizations of comparable size, experience as an officer of a publicly traded company, the interplay of the candidate's experience with the experience of other members of the Board of Directors and the extent to which the candidate would be a desirable addition to the Board of Directors and any committees thereof. The Board of Directors believes that diversity, in terms of a candidate's gender, race, ethnicity, differences in backgrounds, experiences and personal characteristics, is important to the effectiveness of the Board of Director's oversight of the Company. Accordingly, the Board of Directors is committed to seeking out highly qualified diverse candidates in each search for new candidates that the Board of Directors undertakes and has tasked the Nominating and Governance Committee with ensuring that such candidates are included. Whether such search is conducted internally or with the help of a third-party consultant, the Nominating and Governance Committee will consider a candidate's race, gender, and ethnicity and such other factors as the Board of Directors deems appropriate.

The Nominating and Governance Committee is also responsible for oversight of ESG and sustainability risks, including risks presented by climate change.

The Compensation Committee annually assesses the risk profile of its executive and nonexecutive compensation programs to determine if any of them create undesired or excessive risks of a material nature. The Compensation Committee believes that the following factors reduce the likelihood of undesired or excessive risk:

- The Company's overall compensation levels are competitive with the market;
- The Company's compensation practices and policies appropriately balance base pay versus variable pay and short-term versus long-term incentives;
- The Company's implementation of stock ownership guidelines;
- The Compensation Committee's oversight of equity compensation plans; and
- The high level of Board involvement in approving material investments and capital expenditures.

Based on its analysis, the Compensation Committee believes that the Company's compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

KEY ASPECTS OF CORPORATE GOVERNANCE.

- 86% (6 of 7) of Rush Enterprises' directors are independent; 100% of the directors on Audit, Compensation and Nominating & Governance Committees are independent
- Annual election of directors by majority voting
- 98.6% overall director Board/Committee meeting attendance in 2020
- Annual Board and Board Committee self-evaluations
- Limitation on outside board service
- Director resignation policy – mandatory submission of resignation for consideration at age of 72
- Robust stock ownership guidelines for directors and executive officers
- Policies prohibiting hedging of the economic interest in the Company shares held except in very limited circumstances with preapproval of the Board
- Right to call special meeting for stockholders holding 10 percent of shares with no holding period
- Clawback (compensation recoupment) Policy
- The Company does not discount, backdate, reprice or retroactively grant equity awards

For more information on Rush Enterprises' corporate governance policies, see Rush Enterprises, Inc.'s 2021 Definitive Proxy Statement available at www.rushenterprises.com under "Investor Relations – Financial Information."

ABOUT THIS REPORT.

We are pleased to present Rush Enterprises' inaugural Corporate Responsibility Report. Rush Enterprises understands its responsibility to take action to care for our employees, our environment and our communities. The Company's established culture and values provide a sound foundation to address evolving issues of corporate responsibility. This report reflects the Company's recognition that our stakeholders expect greater information regarding the Company's performance in areas of sustainability and corporate responsibility. Rush Enterprises acknowledges that this inaugural report is a beginning and not the end, and the Company is committed to continuous improvement.

NOTE CONCERNING ENVIRONMENTAL DATA.

Environmental-related figures and calculations in this report represent the Company's initial good faith attempts to quantify and establish baseline figures with which to measure performance and drive improvement. Conversions to equivalent measurements were generally based on the U.S. Environmental Protection Agency's calculators including the Greenhouse Gas Equivalencies Calculator. Disclosed figures were derived from invoices, invoice aggregators, and third-party contractors and suppliers and are based on reasonable assumptions. Reported figures have not been audited by an independent third party.

NOTE REGARDING FORWARD-LOOKING STATEMENTS.

Certain statements contained in this report (or otherwise made by the Company or on the Company's behalf from time to time in other reports, filings with the Securities and Exchange Commission ("SEC"), news releases, conferences, website postings or otherwise) that are not statements of historical fact constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933,

as amended (the "Securities Act"), and Section 21E of the Exchange Act of 1934, as amended (the "Exchange Act"), notwithstanding that such statements are not specifically identified. Forward-looking statements include statements about the Company's financial position, business strategy and plans and objectives of management of the Company for future operations. These forward-looking statements reflect the best judgments of the Company about the future events and trends based on the beliefs of the Company's management as well as assumptions made by and information currently available to the Company's management. Use of the words "may," "should," "continue," "plan," "potential," "anticipate," "believe," "estimate," "expect" and "intend" and words or phrases of similar import, as they relate to the Company or its subsidiaries or Company management, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements reflect our current view of the Company with respect to future events and are subject to risks and uncertainties that could cause actual results to differ materially from those in such statements. Please read Item 1A in the Company's Annual Report on Form 10-K, "Risk Factors" for a discussion of certain of those risks. Other unknown or unpredictable factors could also have a material adverse effect on future results. Although the Company believes that its expectations are reasonable as of the date of this report, it can give no assurance that such expectations will prove to be correct. The Company does not intend to update or revise any forward-looking statements unless securities laws require it to do so, and the Company undertakes no obligation to publicly release any revisions to forward-looking statements, whether because of new information, future events or otherwise.

APPENDIX

2020 SUSTAINABILITY ACCOUNTING STANDARDS BOARD DISCLOSURES.

The Sustainability Accounting Standards Board (SASB) Foundation is an independent standards-setting organization founded in 2011 which seeks to establish and maintain industry-specific standards that assist companies in disclosing financially material and useful sustainability information to investors. This table references the Standard for businesses in the Multiline and Specialty Retailers & Distributors category.

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	DATA
Energy Management in Retail & Distribution	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	CG-MR-130a.1	(1) Total (electrical) energy consumed: 210,076.58 GJ (2) Percent grid electricity: 99.58% (3) Percent Renewable Energy: 0.42%
Data Security	Description of approach to identifying and addressing data security risks	Discussion & Analysis	n/a	CG-MR-230a.1	To meet the constantly evolving threat to cybersecurity and ensure the integrity, availability and security of our sensitive electronic data, Rush Enterprises, Inc. employs a mature framework of security policies, procedures and control processes. These policies align to laws and standards such as the Critical Internet Security (CIS) Controls, and the National Institute of Standards and Technology (NIST) Cybersecurity framework. Rush Enterprises, Inc. also performs annual certifications / audits - such as those required by the payment card industry, and Sarbanes-Oxley Act (SOX), to demonstrate compliance to our customers and our stakeholders. Our Information Security Team, in partnership with a third-party Managed Security Services Provider, work proactively around the clock to evaluate, investigate and mitigate threats and to ensure that multi-layered, redundant preventative technologies are applied to detect and prevent them.
	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) Number of customers affected	Quantitative	Number, Percentage (%)	CG-MR-230a.2	(1) 0 (zero) (2) 0 (zero) (3) 0 (zero)
Labor Practices	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	Quantitative	Reporting Currency, Percentage (%)	CG-MR-310a.1	(1) Total average hourly wage amongst all in-store employees in 2020 including bonuses, commissions, and paid time off was \$31.40. (2) Total percentage of employees earning minimum wage with no bonus or commission opportunities is <0.1%. (Based on effective employee wage rates and applicable minimum wage statutes on 12/31/20)
	(1) Voluntary and (2) involuntary turnover rate for in-store employees	Quantitative	Rate	CG-MR-310a.2	(1) 25% (2) 17%
	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	Quantitative	Reporting Currency	CG-MR-310a.3	\$7,500 (comprised wholly of settlements without admission of fault to avoid uncertainty of contested proceedings)
Workforce Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	Quantitative	Percentage (%)	CG-MR-330a.1	(1) 16.6% of Rush management is comprised of racial/ethnic minorities and 22% are female. Each racial/ethnic group is represented as follows: African American: 2.3% Asian: 0.3% Hispanic or Latino: 12.3% White: 83.4% Other: 1.7% (2) 35.5% of Rush non-management is comprised of racial/ethnic minorities and 12.2% are female Each racial/ethnic group is represented as follows: African American: 5.6% Asian: 1.0% Hispanic or Latino: 26.4% White: 64.5% Other: 2.6%
	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	Quantitative	Reporting Currency	CG-MR-330a.2	\$311,450 (comprised wholly of settlements without admission of fault to avoid uncertainty of contested proceedings)