

# EASTGROUP

P R O P E R T I E S



# 2019 ESG REPORT

## OUR VISION

EastGroup operates on the premise that good corporate governance is fundamental to our business and is core to our values. The honesty and integrity of the Company's management and Board of Directors are critical assets in maintaining the trust of our investors, employees, customers, vendors and the communities in which we operate.

## OUR MISSION

EastGroup's horizontal organizational structure is designed to create an environment that allows employees to excel while being accountable for their actions. This autonomy and trust have produced a long track record of creating value for our stakeholders.

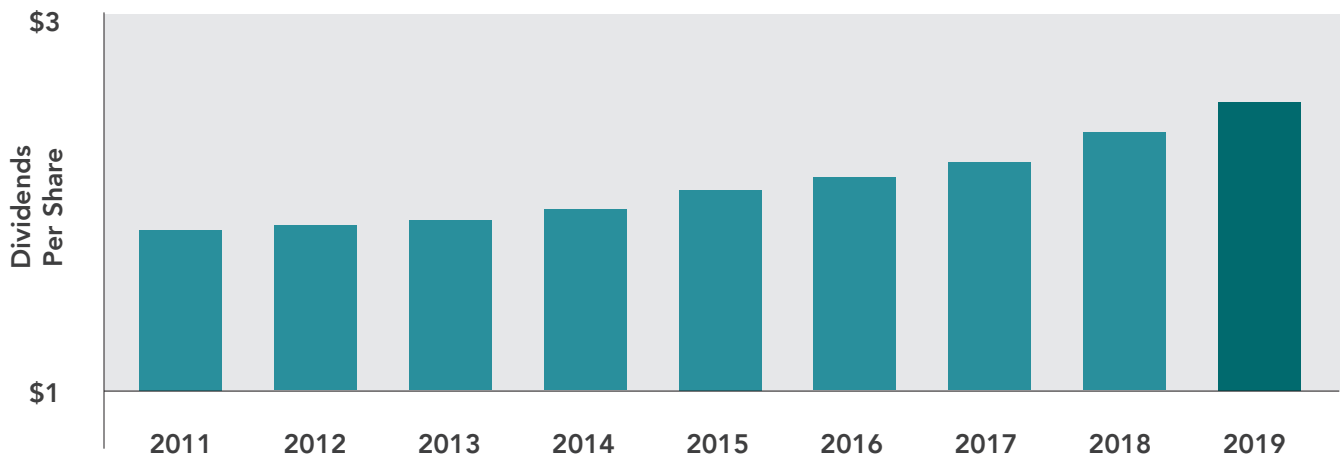
## OUR SHARED VALUES

EastGroup is recognized in the marketplace for its unique culture – one that is family-oriented, employee-focused and promotes an entrepreneurial spirit. Our do-the-right-thing approach – one that relies on accountability, respect and trust – has been the foundation of our success.

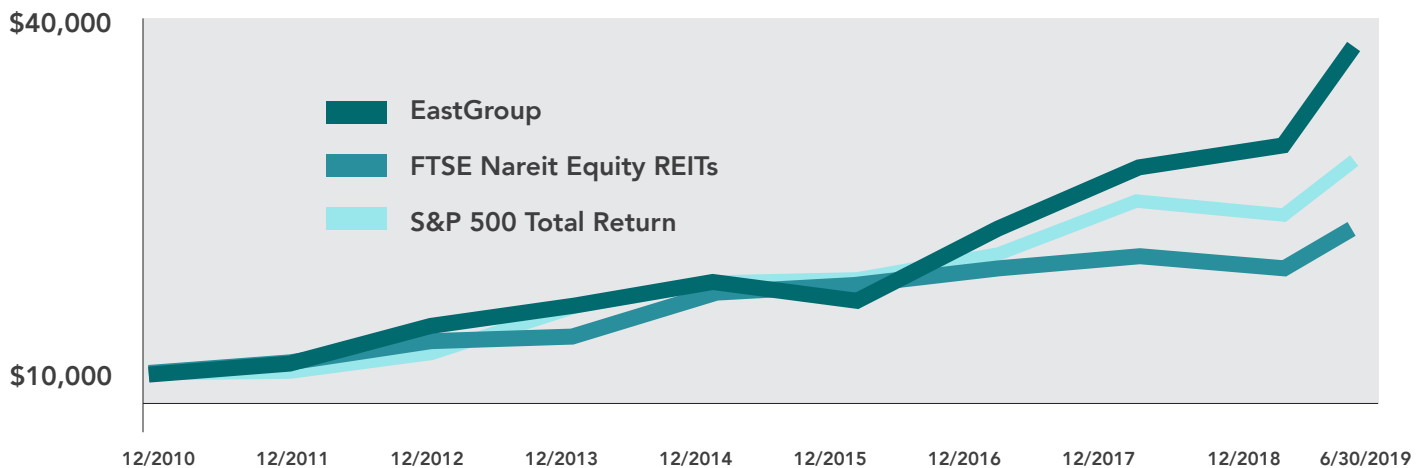
## OUR LEADERSHIP PRINCIPLES

Senior leadership understands that the tone set from the top pervades throughout the organization. The CEO and CFO have over 36 years of combined experience with EastGroup and have garnered the respect of their peers with their "do what you say you are going to do" approach.

## DIVIDEND HISTORY



## TOTAL SHAREHOLDER RETURN





CEO Marshall A. Loeb

CFO Brent W. Wood

**Dear Stakeholder:**

EastGroup Properties has a decades long track record of creating value for our stakeholders – one of which we are very proud. Likewise, throughout the history of the Company there has been an emphasis on creating and fostering an environment that has a positive and sustained impact on our communities, employees and stakeholders. To date, our financial success has been well documented, but our efforts to positively affect the people and environment with whom we interact daily have been less publicized. That is why our organization is eagerly embracing the transparency initiatives related to Environmental, Social and Governance (“ESG”) reporting.

The primary component of our growth over the past two decades has been the emergence and expansion of our development program. Over that time, we have made significant strides in the environmental friendliness of our design characteristics. Our senior leadership has compiled these best practices in our Development Sustainability Characteristics which are shared later in this report.

The Company is committed to its greatest resource – its employees – and both are committed to social responsibility. From the formation of EastGroup, our founder initiated the Healthy, Wealthy and Wise program - the Company and senior management endeavor to promote policies and insurance coverage that enable and encourage our employees and their families to be their healthiest person; the Trustees have implemented a first-in-class 401k program that strives to provide a path for every employee to obtain financial independence; and the Company encourages educational achievement with its tuition reimbursement, and professional development and continuing education programs. EastGroup’s culture is one that encourages employees to make a positive impact on both the Company and the community, while maintaining a healthy work/life balance.

Finally, at EastGroup we believe that our Corporate Governance policies are well aligned with the interests of our shareholders. The pages that follow highlight some of our efforts in each of the ESG categories. We are committed to continuing our focus in all these areas as demonstrated by the newly created ESG Committee. This employee-led Committee will help identify and prioritize what is most important to the Company and its stakeholders now and in the future.

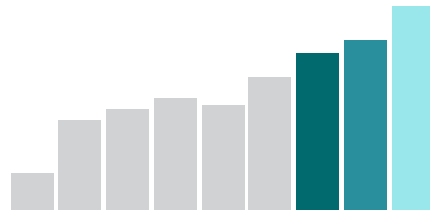
Marshall Loeb  
Chief Executive Officer

Brent Wood  
Chief Financial Officer



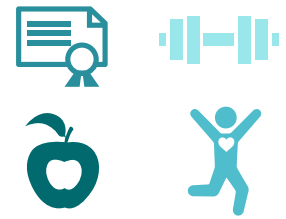
## CUSTOMER FOCUS

At EastGroup, we align our interests with our customers so that the relationship is mutually beneficial. Our ability to accommodate customer growth in in-fill locations is directly reflected in our high customer retention rate.



## SUSTAINABLE PERFORMANCE

The growth in EastGroup’s total market capitalization from \$2.0 billion in 2011 to \$5.5 billion as of June 30, 2019, is a testament of the strength and sustainability of the Company.



## EMPLOYEE WELL-BEING

EastGroup’s Healthy, Wealthy and Wise program equips our employees with a comprehensive wellness program, an unparalleled 401k plan and opportunities for continuing education.

## ENTERPRISE RISK MANAGEMENT AND ETHICS

Enterprise Risk Management (“ERM”) and Ethics are of utmost importance to EastGroup. ERM is reviewed and discussed by management and the Board of Directors on an ongoing basis. Risks around liquidity and debt; leasing and occupancy; business transactions including development, acquisitions and sales of properties; environmental and legal matters; compliance, governance and regulatory matters; and general business risks are identified and evaluated. The Code of Ethics and Business Conduct (the “Code of Ethics”) provides guidance to the Company’s directors, officers, and employees on how to properly conduct business in an ethical manner while upholding the values of the Company. There have been no material liabilities or firings as a result of violations of the Code of Ethics.



What Is Environmental Stewardship? At EastGroup, Environmental Stewardship isn't just a phrase. It's important to our employees, families, customers and communities.



Horizon Commerce Park, Orlando, FL

EastGroup strives for efficiency in operating our properties with innovative solutions that lower operational costs and reduce our environmental footprint. Through the Company's continued efforts, we have obtained 25 Leadership in Energy and Environmental Design ("LEED") certifications, including one LEED Silver certification, and various ENERGY STAR certifications, reflecting the Company's commitment

to pursue environmentally conscious performance and standards. We have initiated several energy efficiency and sustainability initiatives such as installation of skylights, motion sensor lighting, smart technology irrigation controllers with water flow sensors and electric car charging stations. The Company's continued commitment to sustainability best practices creates long-term value for the environment, the Company and shareholders.

EastGroup's properties have been subjected to Phase I Environmental Site Assessments ("ESAs") by independent environmental consultants. EastGroup Management is not aware of any environmental liability that would have a material adverse effect on the Company's business, assets, financial position or results of operations.




Reflective Roof Installation



Drought-Resistant Plantings



Energy Efficient Lighting

 Our reflective roofs in Tampa yielded a rebate from the local electric provider. Good for energy reduction, for our tenants and for EastGroup stakeholders.

### ENVIRONMENTAL FOCUS

EastGroup has initiated several energy efficiency and sustainability initiatives to create long-term value for the environment, our tenants, the Company, and our shareholders.



**8** out of **10** properties **HAVE SKYLIGHTS AND/OR LED LIGHTING**



**7** out of **10** properties **HAVE WHITE REFLECTIVE ROOFING**



### GREEN CERTIFICATIONS

**25** of EastGroup’s development properties have received LEED certification by the U.S. Green Building Council. One of those achieved the LEED Silver designation. All the Company’s development properties are built to LEED certifiable standards whether or not the actual certification is pursued.

### DRIP IRRIGATION CASE STUDY

In May of 2018, the irrigation spray heads along the front and sides of the building at Expressway II in Tampa, Florida were replaced with a drip irrigation system. This system provides the necessary water needs directly to the plant roots and decreases the amount of wasted water produced by normal irrigation spray heads. The system allows for the irrigation system to run for less time, providing additional water savings.

In recent years, EastGroup has increased its focus on ESG initiatives. During 2019, EastGroup formally established an ESG Committee, which is led by the Chief Financial Officer. Team members from various functions, including property, construction and asset management, human resources, information technology, accounting, and corporate services contribute to the Company's ESG efforts.

EastGroup's environmental stewardship is evidenced by its numerous awards and accolades related to both existing and new construction.

The Company has received a credit from Duke Energy for participating in its program to help Florida businesses save energy and money. This program applies to existing and new construction and is specifically designed to improve energy efficiency. Some of the energy efficiency design and upgrades include HVAC tune-ups and retrofits, rooftop recommissioning, chiller tune-ups, coil cleaning, ceiling insulation upgrades, and duct check programs.



EastGroup received the 2018 Tilt-Up Concrete Association Achievement Award for ParkView Commerce Center in Dallas. The national award recognizes projects that use site-cast tilt-up concrete to introduce new building types, advance industry technology, and provide unique solutions to building programs.



The Company installed new reflective roofing at Silo Bend Distribution Center 3 in Tampa. The re-roof project resulted in rebates from the local electric company, creating cost savings for the Company and our customers.



EastGroup's Horizon Commerce Park was recognized by the Building Owners and Managers Association International ("BOMA") as The Outstanding Building of the Year ("TOBY") Award winner in the Industrial Office Building category in 2019. The TOBY Award is considered the most prestigious and comprehensive program of its kind in the commercial real estate industry recognizing quality in commercial buildings and rewarding excellence in building management. The award criteria include all aspects of a building's operations, from tenant relations and community involvement to site management and environmental policies and procedures.

## DEVELOPMENT SUSTAINABILITY

The Company's development program has produced tremendous value for its shareholders. In fact, EastGroup has developed approximately 45% of its portfolio which totals over 19 million square feet. Earlier in 2019, our senior leadership and Board of Directors met to review our Development Sustainability Characteristics. Some of these characteristics are listed below. Over the course of the Company's development history we have made significant strides in the environmental friendliness of our design characteristics. In fact, 25 of the Company's development properties have been LEED Certified by the U.S. Green Building Council. However, the public and customer fervor for paid certification has diminished over the past several years (particularly within the industrial sector). Still, EastGroup remains committed to building to LEED certifiable standards, although we may not seek paid certification.

**The Company's environmental/sustainable friendly building characteristics that have been incorporated based on geographic area include:**

- Single-ply white reflective roof systems
- Skylights for more natural light in the warehouse
- Interior window design to allow natural light to penetrate the workplace
- LED lighting in the warehouse and office area
- LED exterior lighting
- Exterior light fixtures designed to minimize light pollution when applicable
- Motion sensor lighting in warehouse and office areas
- Energy Star rated heating and cooling units
- Low E insulated glass systems
- Fully insulated office envelopes
- Water efficient plumbing fixtures
- Locally sourced construction materials
- Locally sourced trash disposal
- Low emitting materials
- Recycled material
- Electric Car charging stations
- Access to mass transit (Bus routes)
- Bike storage
- Smart technology irrigation controllers with water flow sensors
- Drip irrigation systems in drought tolerant markets
- Reclaim water for irrigation when applicable

EastGroup believes Stakeholder Engagement is critical to understanding what ESG issues matter most, and we use this feedback to improve decision-making and accountability.



The Company and its employees are committed to social responsibility and participate in various charitable service organizations in the Company's business communities. We prioritize charitable contributions that employees are directly involved with such as Goodwill Industries, Make-A-Wish, and the University of Mississippi MIND Center. The Company's employees volunteer for numerous charities, and the

Company coordinates volunteer opportunities for its employees and allows time away from work to encourage participation and increase social engagement in all the communities in which we operate. Additionally, the Company is committed to its status as an equal opportunity employer. We strive to attract, develop and advance a qualified and diverse workforce that will strengthen our company and our culture.



### Comprehensive Employee Benefits Program



Robust 401(k) Matching Program



Generous time off policies



Healthy Workplace



Tobacco Cessation Program



Athletic Club Reimbursement



Flex Work Schedules



Tuition Reimbursement



Professional Development and Continuing Education



## OUR COMMITMENT TO OUR EMPLOYEES AND OUR COMMUNITIES

EastGroup’s commitment to our employees and our communities is evident in the social policies and practices we have in place.

- EastGroup’s robust employee benefits program is focused on the overall well-being of our employees.
- EastGroup’s employees receive paid time off to volunteer with charitable organizations, both individually and in teams.
- EastGroup makes monetary donations to various charitable organizations, in which most of our employees have an interest. None of these individual donations exceeds \$5,500.
- EastGroup does not have a political action committee (“PAC”) or a foundation.
- EastGroup is committed to upholding human rights and seeks to ensure it will not be involved in human rights violations.

## OUR TEAM CULTURE

At EastGroup, diversity and inclusion is embedded in our culture. Of our total workforce, over 70% is female. In addition, approximately one-third of our company officers are female.



At EastGroup, we believe our culture supports our employees and creates a positive, professional environment that encourages longevity for our team members.

Average tenure of our workforce is over **9** years



## CODE OF ETHICS AND BUSINESS CONDUCT

Our Board adopted a Code of Ethics and Business Conduct (the “Code of Ethics”), which governs business decisions made and actions taken by our directors, officers and employees. A copy of this Code of Ethics is available on our website at <http://investor.eastgroup.net/govdocs>. We intend to disclose on this website any amendment to, or waiver of, any provision of this Code of Ethics applicable to our directors and executive officers that would otherwise be required to be disclosed under the rules of the SEC or the NYSE.

At EastGroup, we believe our Corporate Governance policies are well aligned with the interests of our shareholders.

EastGroup's Board has long upheld their mission to foster the long-term success of the Company while maintaining the highest regard for our fiduciary responsibility to shareholders and employees. The Company is committed to maintaining the highest standards for policies and practices in place companywide. Highlights of our Corporate Governance program include:

- All Board members are elected annually by shareholders (non-staggered board)
- Six of the nine Board members are independent
- The positions of Chairman and CEO are separated
- All stock-based incentive plans have been approved by shareholders
- The Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee are all comprised entirely of independent directors
- The Audit Committee meets with independent and internal auditors at least quarterly
- Over the past three years, the shares granted to employees and directors have been less than 1% of the shares outstanding
- Compensation is strongly tied to performance; no employment agreements/automatic salary increases or guaranteed bonuses
- Few perquisites (life insurance)
- Clawback policy
- Robust stock ownership guidelines for Directors and Officers
- No collective bargaining agreements
- No tax gross-ups and generally no single-trigger provisions
- Full Board oversight of risk management
- Strong code of ethics and conduct, published on the website



## CODE OF ETHICS

Our Code of Ethics provides guidance for recognizing potential issues encountered in conducting company business and for making decisions that conform to our legal and ethical standards. All directors, officers, and employees are expected to be familiar with the Code of Ethics and adhere to those principals and procedures.

## WHISTLEBLOWER POLICY

EastGroup expects its employees to carry out their duties and responsibilities in an ethical manner and in compliance with applicable laws and regulations at all times where EastGroup carries on business. EastGroup has a Whistleblower toll-free number as well as an email for complaint submissions, so that its customers, suppliers, employees and other stakeholders may report, in good faith, details of any instances of illegal and/or unethical conduct.

## RELEVANT POLICIES AND PRACTICES

- Code of Ethics
- Whistleblower Policy
- Standards of Conduct
- Document Retention Policy
- Cybersecurity Policy

## ENTERPRISE RISK MANAGEMENT (ERM)

The Company believes that its leadership structure allows the Board to provide effective oversight of the Company's risk management function by receiving and discussing regular reports prepared by the Company's senior management on areas of material risk to the Company, including market conditions, tenant concentrations and credit worthiness, leasing activity and expirations, compliance with debt covenants, management of debt maturities, access to debt and equity capital markets, existing and potential legal claims against the Company, cyber-security including cyber-attacks and computer viruses, and various other matters relating to the Company's business. Additionally, the Board administers its risk oversight function through (i) the required approval by the Board (or a committee thereof) of significant transactions and other decisions, including, among others, development, acquisitions, and sales of properties, new borrowings and the appointment and retention of the Company's senior management, (ii) the coordination of the direct oversight of specific areas of the Company's business by the Compensation, Audit and Nominating and Corporate Governance Committees, and (iii) periodic reports from the Company's auditors and other outside consultants regarding various areas of potential risk, including, among others, those relating to the qualification of the Company as a REIT for tax purposes, the Company's internal control over financial reporting, and the security of the electronic systems which the Company relies upon to conduct its business.





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