



# 2020 ENVIRONMENTAL SOCIAL & GOVERNANCE REPORT

EASTGROUP  
P R O P E R T I E S



GATEWAY COMMERCE PARK DEVELOPMENT — MIAMI, FLORIDA

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# A MESSAGE TO OUR STAKEHOLDERS

Dear Stakeholder,

During 2020, our society has experienced unprecedented times. When the COVID-19 health crisis first emerged during the first quarter of 2020, we immediately took action to protect the health and safety of our employees, directors, customers and communities. All of our team members were supplied with the technology and equipment needed to perform their duties remotely. This allowed for our team to work from home effectively and efficiently to serve our customers, while our employees were also able to be with family at home. Many of our team members are working parents or individuals caring for loved ones, so this flexibility ensured they could safely handle both their professional and personal duties. Our Board of Directors meetings

have been held virtually during the entire year 2020. Reducing travel and contact protects our team and the communities in which we are located. By nature of our industrial properties, each of our customers have their own entrance and exit with no shared lobbies. Many of our customers are considered essential businesses, and they were able to conduct business even during the peak of the shutdown, providing essential goods and services to our communities while maintaining as safe an environment as possible.

2020 has also brought to light new and important environmental, social and governance (“ESG”) issues. Our continued commitment to sustainable and environmentally-friendly building design is evidenced by the fact that we build all of our development projects to LEED standards. Our commitment to a positive company culture centered around diversity

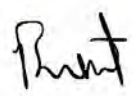
and inclusion is paramount. We do not tolerate discrimination in our company. We are committed to upholding human rights — we seek to ensure our company will not be involved in human rights violations, and we are against human trafficking. During 2020, we implemented a formal, certificate-based training program to educate our team on a variety of topics, including diversity and inclusion, sexual harassment, ethics and leadership development. The first training session, which focused on diversity and inclusion, was successfully completed by all of our employees. As a segway between social and governance, we have taken action this year to increase diversity in our Board of Directors and executive leadership with the appointments of Kathy Sandstrom as Director and Staci Tyler as Chief Accounting Officer. Ms. Sandstrom and Ms. Tyler both bring valuable experience and skillsets to their new roles with the Company. Also this year, we formalized our corporate governance outreach program, conducting meetings with shareholders to discuss governance-related topics such as Board refreshment and diversity. Our Board of Directors also took action to refresh committee chairpersons of the Audit, Compensation and Nominating and Corporate Governance Committees. In 2020, we conducted proactive shareholder engagement to gather feedback on ESG-related matters from governance professionals at our institutional investors. That feedback was shared with our Board as part of a robust and continuous discussion among directors on ESG-related matters.

ESG is a journey, and we are continually enhancing our actions in all three areas while continuing our decades-long track record of creating value for our shareholders. We believe in our multi-tenant, shallow-bay distribution building strategy and believe that population shifts to Sunbelt markets, the growth of e-commerce, and on-shoring and near-shoring of manufacturing will continue to drive sustainable growth in our markets and our properties.



MARSHALL LOEB

CEO



BRENT WOOD

CFO



STACI TYLER

CAO

## OUR PRIORITIES

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. We strongly believe in promoting diversity as well as providing an inclusive environment for our employees, and in 2020 implemented a formal, certificate-based learning program for all employees.

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.

## 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.

## EMPLOYEE WELL-BEING

EastGroup's Healthy, Wealthy, and Wise program provides our employees with opportunities for continuing education, a comprehensive wellness program, and an unparalleled 401K plan.

## GOVERNANCE

Board oversight of risk management and ESG is integral to the success and sustainability of our Company.

Northwest Crossing — Houston, Texas





CREEKVIEW 121 — LEWISVILLE, TEXAS

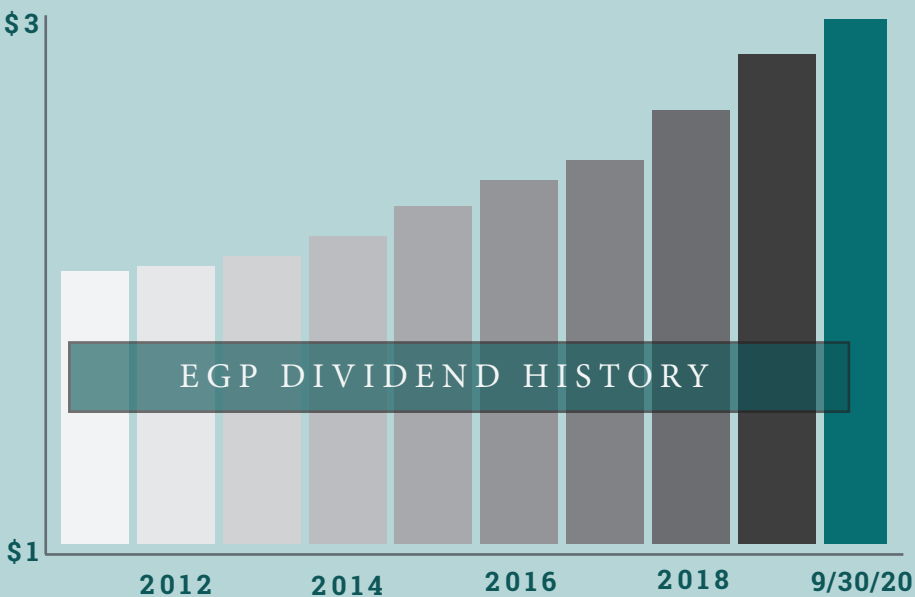
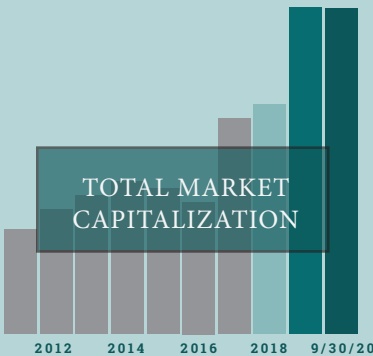
# ENTERPRISE RISK MANAGEMENT

Enterprise Risk Management (“ERM”) and Ethics are of utmost importance to EastGroup. ERM is reviewed and discussed by management on an ongoing basis. On at least an annual basis, management and the Board of Directors conduct a fulsome discussion of ERM, including evaluating the results of employee risk surveys. Risks around liquidity and debt; leasing and occupancy; business transactions including development, acquisitions and sales of properties; climate change and the markets in which we operate; environmental and legal matters; compliance, governance and regulatory matters; human capital management; 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.

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. The Board administers its risk oversight function through (i) the required approval by the Board (or a committee thereof) for significant transactions and other decisions, (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.

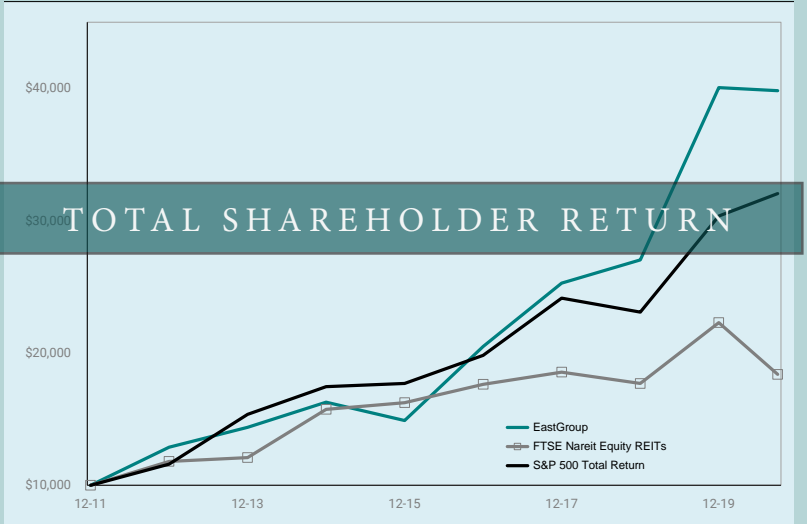
# SUSTAINABLE PERFORMANCE

Our strategy is to increase stakeholder value by providing business distribution space for location sensitive customers. The growth in EastGroup's total market capitalization from \$2.0 billion in 2011 to \$6.3 billion as of September 30, 2020, is a testament of the strength and sustainability of the Company.



We have a strong and experienced senior management team with a cycle-proven track record. Our October 2020 dividend was the 163rd consecutive quarterly cash distribution to shareholders. We have now increased or maintained our dividend for 28 consecutive years and raised it 25 years (including the last nine) over that period.

We believe that we will continue this positive momentum through present day challenges and future years. Our strategy is to provide premier properties on infill sites around major transportation features – we will continue creating value for our stakeholders while reducing emissions and supporting efficiency in the supply chain.





We strive for efficiency in operating our properties with innovative solutions that lower operational costs and reduce our environmental footprint. The Company's continued commitment to sustainability best practices creates long-term value for the environment, the Company, and our shareholders.

# ENVIRONMENTAL STEWARDSHIP

# DEVELOPMENT IN FORT MYERS

In recent years, demand for business distribution space in the Fort Myers, Florida market continued to exceed existing inventory for EastGroup. Development of a 36-acre site depended on the timing and delicacy of bald eagle nesting conditions. EastGroup worked closely with the US Fish and Wildlife Service, obtaining necessary guidance and permits before proceeding with construction. With appropriate monitoring during construction in "non-nesting" season, we were able to both preserve the ideal conditions for the eagles and provide quality space for our new tenants.



# SUSTAINABILITY FEATURES IN OUR PROPERTIES

- SKYLIGHTS
- WHITE REFLECTIVE ROOFING
- LED LIGHTING
- MOTION SENSOR LIGHTING
- LOCALLY SOURCED MATERIALS
- LOCALLY SOURCED TRASH DISPOSAL
- RECYCLED MATERIALS
- CAR CHARGING STATIONS
- ACCESS TO PUBLIC TRANSPORTATION
- BIKE STORAGE
- IRRIGATION WITH SMART SENSORS
- WILDLIFE MITIGATION
- FANS IN WAREHOUSE
- PREFERRED PARKING SPACES FOR GREEN VEHICLES
- INTERIOR WINDOWS FOR NATURAL LIGHT
- ENERGY STAR RATED HEATING AND COOLING UNITS
- LOW E INSULATED GLASS
- WATER EFFICIENT PLUMBING FIXTURES
- DRIP IRRIGATION SYSTEMS IN DROUGHT TOLERANT MARKETS
- RECLAIM WATER FOR IRRIGATION WHERE APPLICABLE





**All of the Company's development properties are built to LEED certification standards.**



# CONSTRUCTION STANDARDS

Through the Company's continued efforts, we have obtained more than 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 are 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.



## DEVELOPMENT PROGRAM

Recycling of capital through asset sales and the redeployment of the proceeds in acquisitions and development has historically been an integral part of our strategy. The process allows us to continually upgrade the quality, location, and growth potential of our assets.

Acquiring core quality industrial properties is an incredibly challenging, competitive exercise. This environment continues to push us more towards development and value-add opportunities, which places emphasis on our environmentally friendly construction standards.

**EastGroup has not experienced any material supply chain issues or environmental issues.**





# HUMAN CAPITAL MANAGEMENT

**At** EastGroup, we believe our culture supports our employees and creates a positive, professional environment that encourages longevity for our team members. The average tenure of our workforce is 10 years, and 12 years for our officers.

## Supporting Positive Change in Our Home State



EastGroup supported the successful movement to replace the state flag of Mississippi, choosing a flag more representative of our culture and employee base. The long-standing, former design featured a Confederate battle emblem, and in November 2020, voters in Mississippi approved the new flag design, which features the words "In God We Trust" and a magnolia blossom, a symbol long-used to represent the state and the hospitality of Mississippians.

# COMMITMENT TO OUR COMMUNITIES



EastGroup prioritizes social responsibility and participation in various charitable service organizations in the Company's business communities. Donations are given to organizations in which employees are directly involved, including Goodwill Industries, Make-A-Wish, the American Heart Association, the Ronald McDonald House, the Epilepsy Foundation of Mississippi, and the Deaf Blind Community of Mississippi.

Employees are granted 16 hours of paid time off each year to volunteer in their communities. Also, the Company provides a matching donation for employees' eligible charitable contributions. During 2020, the Company has donated approximately \$50,000 to charitable organizations.

## COVID-19 UPDATE

On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. EastGroup immediately took action to promote the health, safety, and well-being of our customers, employees, directors, and other stakeholders. We formed a strategic planning committee to discuss the risks and guide the company through these unprecedented times.

Our customers, many of which were characterized as "essential businesses" during the early days of the pandemic, were able to continue operating. By nature of our multi-tenant business distribution building design, our customers each have their own entrances with no common lobbies, minimizing contact between customers.

Our employees shifted to remote working arrangements seamlessly. All employees already had or were issued the technology needed to perform their duties remotely. This fostered a better work-life balance where employees could focus on their families and work duties while promoting health and safety for our EastGroup families and communities. Virtual meetings continue to be conducted on a regular basis for teams within our organization. Weekly or bi-weekly calls are conducted with our executive officers, strategic planning committee, asset managers, and accounting teams. We also conduct town-hall meetings with all employees.

Our Board of Directors increased communication and shifted to virtual meeting formats, beginning with the March 5, 2020 meeting.





# COMMITMENT TO OUR EMPLOYEES

## EMPLOYEE BENEFITS

EastGroup's unparalleled employee benefits program is focused on the overall well-being of our employees. Some features we offer include:

- Robust 401K matching program
- Generous time off policies
- Healthy & safe workplace
- Annual health & wellness checkups
- Tobacco cessation program
- On-site flu vaccinations
- Athletic club reimbursement
- Flexible work schedules
- Paid time off for volunteering
- Tuition reimbursement
- Professional development and continuing education
- Employer-paid health insurance for all full-time employees



## FORKLIFT FIELDTRIPS

We are committed to the education and development of our team. In 2019, we implemented Forklift Fieldtrips, a peer mentoring program for our operational team. Asset and property managers are paired with peers in different regions to foster relationships among peers, share best practices across markets, build employee engagement, and invest in the professional development of our team members.

In November 2019, property managers from Florida traveled to San Antonio for the program. EastGroup values opportunities to build relationships across markets.

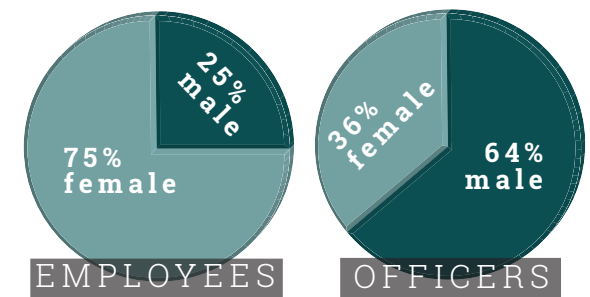
# DIVERSITY & INCLUSION

2020 has brought into focus the importance of diversity and inclusion in our company and our communities. We do not tolerate discrimination in our company. In fact, we promote inclusion and believe our positive culture is a testament to our team and our belief that each team member makes us stronger. During 2020, we implemented a formal, certificate-based learning program for all employees. The first learning objective focused on diversity and inclusion, and 100% of our employees completed the training session.



We are committed to providing a diverse and inclusive workforce that encourages collaboration and teamwork. With 80 full-time employees, each member of our team plays a vital role in the success of the company. We seek to develop leaders and promote from within the organization when opportunities arise.

Our current workforce is comprised of employees with a variety of racial and ethnic backgrounds. 16% of our team members identify as racial or ethnic minorities. We value each of our team members and strive to continue creating a more diverse workforce.



# COMMITMENT TO OUR CUSTOMERS

EastGroup is committed to providing quality business distribution space to location-sensitive customers in the Sunbelt markets of the United States. Our properties are located in growing metropolitan areas and serve as a vital part of the evolving supply chain for goods and services. In addition to providing the physical space where our customers conduct business, we strive to provide them with a sense of community. Many of our properties are located in business parks with sidewalks and access to local amenities. Our property and asset management teams provide needed services to our customers in a positive, professional manner. Our teams enjoy interacting with our customers at tenant appreciation events.





# GOVERNANCE & LEADERSHIP

**OUR** 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's leadership is committed to maintaining the highest standards for policies and practices in place company-wide. Senior leadership understands that the tone set from the top pervades throughout the organization. The three Chief Officers have over 51 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.

## CORPORATE GOVERNANCE PROGRAM

- All Board Members are elected annually (non-staggered board)
- Seven of the ten Board members are independent
- Two of the ten Board members are female
- 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
- During 2020, the Board rotated the Chairpersons of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee
- The Audit Committee meets with independent and internal auditors at least quarterly
- Formal ESG discussions are held with the Board and management
- Interested parties may communicate directly with the Board through a link on the Company's website
- During 2020, the Board eliminated director meeting fees by adopting a retainer compensation program for directors
- G&A expense as a percentage of revenue is less than 5%
- 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
- Recently instituted a shareholder outreach program whereby we can better understand shareholder voting and concerns
- Met with a record number of stakeholders over the past year

## 2020 APPOINTMENTS

KATHERINE SANDSTROM  
*Director*

Ms. Sandstrom was appointed to the Company's Board of Directors in July 2020, also serving on its audit committee. Ms. Sandstrom is a seasoned executive with an extensive background working for a leading, global real estate management firm. She brings deep industry experience and financial expertise to EastGroup's board, its executive team, and our stakeholders.



STACI TYLER  
*Senior Vice President and Chief Accounting Officer*

Ms. Tyler was appointed Senior Vice President, Chief Accounting Officer, and Secretary in May 2020, following the retirement of Bruce Corkern. Since joining EastGroup in 2007, she has served in several roles at the Company, most recently as Vice President and Controller. A Certified Public Accountant, Ms. Tyler has over 16 years of accounting and finance experience.







## CODE OF ETHICS & BUSINESS CONDUCT

The Company's Board of Directors 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. It 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 principles and procedures. 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.

## RELEVANT POLICIES & PRACTICES

- Code of Ethics and Business Conduct\*
- Whistleblower Program\*
- Equal Opportunity & Commitment to Diversity\*
- ADA & Reasonable Accommodation\*
- Commitment to Safety\*
- Community Service\*
- Family Medical Leave\*
- Standards of Conduct\*
- Workplace Violence Prevention\*
- Healthy, Wealthy, Wise Benefits Summary\*
- Document Retention Policy
- Cybersecurity Policy

\*Links to these policies may be found at:  
<https://eastgroup.net/priorities>

## WHISTLEBLOWER PROGRAM

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.







# EASTGROUP P R O P E R T I E S

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For more information, please visit:  
<https://eastgroup.net/priorities>

**EGP**  
**LISTED**  
**NYSE.**