

## THE MISSION OF THE BOARD OF DIRECTORS

The mission of the Board of Directors (the “Board”) is to foster the long-term success of EastGroup Properties, Inc. (the “Corporation”) consistent with its fiduciary responsibilities to shareholders. The Board performs a central role in achieving this goal by ensuring that management is capable of implementing its duties and achieving its objectives. Foremost among these objectives is the Corporation’s focus on creating value for its shareholders. The Board also requires the directors, officers and employees of the Corporation to comply with applicable legal and regulatory requirements.

Directors must perform their duties, keeping in mind their primary fiduciary duty to the shareholders and the Corporation. That duty includes the obligation to ensure that the Corporation’s disclosures contain accurate information that fairly present the Corporation and its operations to shareholders and the public in conformity with applicable laws, rules and regulations. In fulfilling their duties the directors may reasonably rely on the honesty and integrity of the Corporation’s senior management and legal, accounting, financial and other advisors.

## CORPORATE GOVERNANCE GUIDELINES

### **Board Responsibilities**

#### 1. Description of Board Responsibilities

The Board of Directors’ role is to maximize long-term shareholder value. The Board is responsible for oversight of strategy, the operation of the business and performance evaluation, so as to promote the long-term successful performance of the Corporation. In order to maximize long-term shareholder value, the directors’ primary functions are:

- Review management’s business strategies to evaluate their efficacy;
- Review, and where appropriate, approve and evaluate financial and internal controls;
- Select the Chief Executive Officer and other senior officers;
- Develop and periodically review a management succession plan;
- Seek to ensure that the Corporation’s business is conducted in conformity with applicable laws and regulations;
- Seek to ensure that the Corporation’s compensation strategy for key executives (i) is effective in attracting and retaining key executives, (ii) links pay to

performance based on goals that are aligned with the long-term interests of the Corporation's shareholders and (iii) is administered fairly and in the shareholders' interests; and

- Review with management and monitor the material risks related to the Corporation's business.

A director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and committees on which such director sits, with the understanding that on occasion a director may be unable to attend a meeting. A director who is unable to attend a meeting is expected to notify the Chairman of the Board or the Chair of the appropriate committee in advance of such meeting.

Directors will be provided the opportunity to attend corporate governance and other educational programs related to their service on the Board that will enhance their performance as Directors of the Corporation.

## 2. Code of Ethics and Business Conduct

The Board believes that in order to oversee the successful perpetuation of the Corporation's business, the Board should institute a Code of Ethics and Business Conduct (the "Code of Conduct") regarding: (i) conflicts of interest; (ii) corporate opportunities; (iii) confidentiality; (iv) fair dealing; (v) protection and proper use of company assets; (vi) compliance with laws, rules and regulations; and (vii) such other matters as the Board deems appropriate. The Code of Conduct requires the reporting of unethical or illegal behavior and call for prompt and consistent action against violations of the Code of Conduct. Any waivers of the Code of Conduct for directors or executive officers may be made only by the Board or a Board committee, if so delegated, and will be disclosed as required by applicable regulations.

## **Composition of the Board**

### 1. Board Size

The Board of Directors shall consist of a number of directors not less than the minimum number required by the Maryland General Corporation law and not more than fifteen, as determined by a majority of the full Board of Directors.

### 2. Independence of the Board

The Board shall be comprised of a majority of directors who qualify as independent directors ("Independent Directors") under the listing standards of the New York Stock Exchange. The Board will review annually the relationship that each director has with the Corporation (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Corporation). Following such annual review, only those directors who the Board affirmatively determines have no material relationship with the Corporation will be considered Independent Directors, subject to additional qualifications prescribed under the listing standards of the New

York Stock Exchange. The basis for any determination that a relationship is not material will be disclosed as required by applicable law, rules and regulations.

### 3. Board Membership Criteria

The Nominating and Corporate Governance Committee, comprised entirely of Independent Directors, is responsible for identifying, screening and recommending directors for nomination by the Board for election as members of the Board.

The Nominating and Corporate Governance Committee will apply the same criteria to all candidates it considers, including any candidates submitted by shareholders. The Nominating and Corporate Governance Committee will work with the Board to determine the appropriate characteristics, skills, and experiences for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience. Characteristics expected of all directors include integrity, high personal and professional ethics, sound business judgment, and the ability and willingness to commit sufficient time to the Board. In evaluating the suitability of individual board members, the Nominating and Corporate Governance Committee will take into account many factors, including experience in the real estate industry; understanding of finance and accounting; exposure to disciplines relevant to the success of a public company, such as capital markets, finance and investor relations; experience in real estate development and construction; and geographic, gender, age and ethnic diversity. The Nominating and Corporate Governance Committee will evaluate each individual in the context of the Board as a whole, with the objective of recommending a group that can best perpetuate the success of the Corporation's business. The Nominating and Corporate Governance Committee will evaluate each incumbent director to determine whether he or she should be nominated to stand for re-election, based on the types of criteria outlined above as well as the director's contributions to the Board during his or her current term.

### 4. Selection and Orientation of New Board and Committee Member

The Nominating and Corporate Governance Committee shall identify and recommend to the Board director nominees for election by the shareholders. The Board shall, in consideration of the recommendation of the Nominating and Corporate Governance Committee, select director nominees based on the Board membership criteria previously discussed. The Corporation will provide each newly elected director and committee member with information about the Corporation, its business, properties and management and shall make available to the director any other materials the director requests that will provide the director with insight and an overview of the Corporation.

### 5. Change in Job Responsibilities of Directors

Directors who change the primary job responsibility they held at the time of their election to the Board shall offer a letter of resignation for Board consideration. The Board of Directors shall, in its sole discretion, determine whether such change in responsibilities will impair the director's ability to effectively serve on the Board of Directors, and may waive such requirement for resignation where it has determined the ability of the director to serve is not impaired.

## 6. Term Limits

The Board does not believe it should limit the number of terms for which an individual may serve as a director. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Corporation based on their experience with and understanding of the Corporation's history, policies and objectives. The Board believes that, as an alternative to term limits, it can ensure that the Board continues to evolve and adopt new viewpoints through the evaluation and nomination process described in these guidelines.

## 7. Limit on Other Board Services

The Board believes that it is appropriate to limit the number of public company boards on which its members serve to no more than six boards of directors for non-management directors and no more than three for management directors in recognition of the time commitments required.

## 8. Director Resignation Policy

In accordance with the Bylaws of the Company, in an uncontested election of directors (i.e., an election in which the number of nominees is not greater than the number of Board seats open for election) a nominee must receive more votes cast "for" than "against" or "withheld" with respect to his or her election or re-election in order to be elected or re-elected to the Board. An incumbent director shall tender his or her resignation to the Board for consideration if he or she fails to receive the required number of votes for re-election.

If an incumbent director fails to receive the required vote for re-election and tenders his or her resignation, the Nominating and Corporate Governance Committee will act on an expedited basis to determine whether it is advisable to accept the director's resignation and will submit a recommendation for prompt consideration by the Board. The Board will act on the tendered resignation within 90 days following certification of the shareholder vote and will promptly and publicly disclose its decision. The Board expects that a director whose resignation is under consideration shall abstain from participating in any decision regarding his or her resignation. If the resignation is not accepted, the director will continue to serve until the next annual meeting and until the director's successor is duly elected and qualified or until the director's earlier resignation or removal. The Nominating and Corporate Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept a director's resignation.

## **Board Leadership**

### 1. Chairman of the Board and Chief Executive Officer

The Board shall select a Chairman in the manner and upon the criteria which the Board deems appropriate at the time of selection. The Chairman of the Board and Chief Executive Officer may or may not be the same individual.

## 2. Lead Independent Director

In the event that the Chairman is determined to be non-independent, the Board shall also appoint one of the independent members of the Board as Lead Independent Director. The Lead Independent Director's responsibilities shall be to (i) preside at meetings of the Board of Directors if the Chairman of the Board is absent or unable to act; (ii) preside over the executive sessions of non-management directors; (iii) act as a liaison between management (including the Chairman) and the independent directors; (iv) be consulted in connection with (a) the preparation of agendas for meetings of the Board, (b) the materials and information sent to Board members, and (c) the amount of time spent on discussions of agenda items; and (v) call meetings of non-management directors when appropriate.

### **Board Communications**

#### 1. Disclosure Policy

The Board believes that it is imperative that timely and accurate disclosure in compliance with applicable laws, rules and regulations is made on all material matters.

To ensure clarity and consistency of outside communication, the Chief Executive Officer or his designee shall be solely responsible for the dissemination of information to outside parties. In the event that the Board feels it necessary and appropriate to communicate with outside parties without the involvement of the Chief Executive Officer, the Lead Independent Director shall be responsible for such communication.

#### 2. Board's Interaction with Institutional Investors, Press, Customers, etc.

Individual Board members may, from time to time at the request of the Board or the Chief Executive Officer, meet or otherwise communicate with outside constituents on behalf of the Corporation. Directors should otherwise refer all inquiries from institutional investors, the press, customers, and other third parties to the Chief Executive Officer or his designee.

### **Board Performance**

The Nominating and Corporate Governance Committee will administer an annual self-evaluation of the Board. This self-evaluation focuses on whether the Board and its committees are functioning effectively.

### **Board Compensation**

Directors (other than those who also are salaried officers of the Corporation or any of its subsidiaries) are entitled to receive reasonable compensation for their services as well as reimbursement of expenses, as may be determined from time to time by the Board, taking into account the recommendations of the Compensation Committee and the Nominating and Corporate Governance Committee.

## **Board Meetings**

### 1. Agenda Items

Agenda items are designated by the Chairman in consultation with the Lead Independent Director, other Board members, the Chief Executive Officer, management, shareholders, or others as determined by the Chairman.

### 2. Distribution of Board Materials in Advance

Materials for review, discussion and/or action of the Board should, to the extent practicable, be distributed sufficiently in advance of meetings, thereby allowing time for review prior to the meeting. However, it is recognized that certain exigent circumstances may cause written materials to be unavailable in advance of the meeting.

### 3. Executive Sessions of Non-Management Directors

The non-management directors will meet in executive session on a regularly scheduled basis. The Lead Independent Director shall preside at each executive session. The Company shall disclose the means by which a shareholder may communicate with the Lead Independent Director or the non-management directors.

## **Board Relationship to Senior Management**

### 1. Attendance of Non-Directors At Board Meetings

The Board welcomes Corporation management to attend, from time to time, Board meetings, thereby providing certain expertise and/or insight into items that may be open for discussion. The Board, in its sole discretion, also welcomes independent advisors to attend Board meetings. Reasonable compensation may be paid to any person (other than a salaried officer or employee of the Corporation or any of its subsidiaries) attending a Board meeting, as determined by the Board in its sole discretion.

### 2. Board Access to Senior Management and Independent Advisors

Board members are granted complete access to the Corporation's management. This access will not interfere with the Corporation's ordinary business. If the contact is in writing, the Board will provide a copy of the writing(s) to the Chairman and Chief Executive Officer.

The Board, in its sole discretion, also will have access to any independent advisors.

## **Director Stock Ownership**

The Board believes that, in order to align the interests of directors and shareholders, directors should have a significant financial stake in the Corporation. In furtherance of this policy, the Board believes that each director who has served on the Board for at least five years should own shares of common stock with a market value of a minimum of five times the annual cash retainer fee payable to a director. The Board will evaluate whether exceptions should be made in the

case of any director who, due to his or her unique financial circumstances, would incur a hardship by complying with this requirement.

## **Leadership Development**

The Board recognizes the importance to the Corporation and long term shareholder value of identifying and developing talented individuals who are able to assume senior management positions as they become open. While external recruitment remains a valuable tool, the Corporation focuses on maintaining a succession planning program for senior positions in the Corporation, including the Chief Executive Officer position. On an ongoing basis, the Corporation, in collaboration with the Board, reviews management and identifies those with high potential for advancement. They simultaneously review the most senior positions in the Corporation to determine the skills and other characteristics that are required to be effective in those positions. The Board also conducts advance planning for emergency and ordinary course contingencies such as the departure, death or disability of the Chief Executive Officer and other senior members of management.

## **Committee Matters**

### **1. Number, Structure and Independence of Committees**

There shall be a Nominating and Corporate Governance Committee, Audit Committee, Compensation Committee and such other committees as the Board deems advisable. The purpose and responsibilities of each of these committees will be outlined in committee charters adopted by the Board. The Board may, subject to limitations in the Corporation's Bylaws, appoint such additional standing or temporary committees from time to time as the directors see fit, delegating to such committees all or part of the Board's powers.

The Nominating and Corporate Governance Committee, Audit Committee and Compensation Committee shall be comprised entirely of Independent Directors as required pursuant to applicable law or prescribed under the listing standards of the New York Stock Exchange.

### **2. Compensation of Committee Members**

The members of committees are entitled to receive such fees as the Board determines, taking into account the recommendations of the Compensation Committee and the Nominating and Corporate Governance Committee. The compensation received by the members of the Audit Committee from the Corporation is specifically limited to those fees paid for their service as a director and member or chair of any committees of the Board.

### **3. Selection of Committee Chairs**

Committee chairs may be appointed by the Board, or by any other means the Board determines is in the best interest of the Corporation.

### **4. Assignment and Rotation of Committee Members and Chairs**

Directors are nominated by the Nominating and Corporate Governance Committee for committee membership subject to the Board's consideration and approval.

The Nominating and Corporate Governance Committee will consider on a periodic basis whether it is in the Corporation's best interest to rotate chairs and/or members within and among committees.

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