

<b>DEPARTMENT:</b> Engineering and Facility Management	<b>POLICY DESCRIPTION:</b> Environmental – Environmental Due Diligence for Property Transfer
<b>PAGE:</b> 1 of 3	<b>REPLACES POLICY DATED:</b> 1/12/99, 11/1/05 (DC.006), 5/1/07
<b>EFFECTIVE DATE:</b> January 1, 2018	<b>REFERENCE NUMBER:</b> ENV.006
<b>APPROVED BY:</b> Ethics and Compliance Policy Committee	

**SCOPE:** All Company-affiliated subsidiaries including, but not limited to hospitals, ambulatory surgery centers, outpatient imaging centers, physician practices, Corporate Departments, Groups, and Divisions, and on-site subcontractors.

**PURPOSE:** To establish a process for performing environmental due diligence prior to property transfers or leases.

**POLICY:**

1. Environmental due diligence is the process of performing an environmental assessment prior to property transfer or lease. The purpose of the environmental assessment is to identify recognizable adverse environmental conditions and satisfy the requirements of the “innocent landowner defense” in accordance with the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). According to ASTM E1527-13, the term “Recognized Environmental Condition” is defined as: the presence or likely presence of any hazardous substances or petroleum products in, on, or at a property: (1) due to any release to the environment; (2) under conditions indicative of a release to the environment; or (3) under conditions that pose a material threat of a future release to the environment. De minimus conditions are not Recognized Environmental Conditions.

The term “Controlled Recognized Environmental Condition” is defined as: a Recognized Environmental Condition resulting from a past release of hazardous substances or petroleum products that has been addressed to the satisfaction of the applicable regulatory authority (for example, as evidenced by the issuance of a no further action letter or equivalent, or meeting risk-based criteria established by regulatory authority), with hazardous substances or petroleum products allowed to remain in place subject to the implementation of required controls (*i.e.*, property use restrictions, activity and use limitations, institutional controls, or engineering controls).

The term “Historical Recognized Environmental Condition” is defined as: a past release of any hazardous substances or petroleum products that has occurred in connection with the property and has been addressed to the satisfaction of the applicable regulatory authority or meeting unrestricted use criteria established by a regulatory authority, without subjecting the property to any required controls (*i.e.*, property restrictions, activity and use limitations, institutional controls, or engineering controls).

The term “de minimus condition” is defined as a condition that generally does not present a threat to human health or the environment and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies. Conditions determined to be de minimus conditions are not Recognized Environmental Conditions nor Controlled Recognized Environmental Conditions.

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2. A Phase I Environmental Site Assessment (ESA) must be performed during the due diligence process. Such ESA must conform to the *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process* as specified under the American Society of Testing and Materials (ASTM E1527-13) and the Environmental Protection Agency’s “Standards and Practices for All Appropriate Inquiries.”
3. A Phase I ESA must be performed by a state-certified Environmental Site Assessor. In those states that don’t require ESA certification, the assessor’s qualifications must meet the ASTM E1527-13 definition of an environmental professional.
4. An ESA report must be certified by an officer of the contracting environmental consulting firm. The report must be reviewed by the HCA FacilitiGroup, other pertinent HCA corporate personnel, and Development Counsel.
5. Depending on the results and findings of a Phase I ESA, a subsequent Phase II Site Investigation, asbestos survey, and Phase III Site Remediation may be required. The subsequent environmental work must be coordinated by the HCA FacilitiGroup and Facility Management Manager.

This policy addresses industry standard due diligence requirements. State and/or local laws or regulations may impose additional requirements. Each facility should consult with HCA FacilitiGroup and the facility’s Operations Counsel to identify and comply with any such additional requirements.

**PROCEDURE:**

1. *Seller Disclosure:* A facility purchasing property or entering into a partnership or long-term lease must request in writing that the Seller disclose any known environmental conditions, and forward available documents to the HCA FacilitiGroup. Documents requested should include, but are not limited to:
  - A list of all facilities (or buildings) included in the transaction;
  - Previous environmental assessment reports, if available;
  - Records of past environmental violations, if available;
  - An asbestos survey report, asbestos management plan, if applicable;
  - Operating records for medical waste incinerator, petroleum storage tanks, ethylene oxide sterilizer, or other equipment utilizing hazardous materials including petroleum products, etc.;
  - Manifests/records for hazardous waste and medical waste disposal; and
  - Environmental permits and correspondence with federal, state and local environmental agencies.
2. *ESA Proposal:* A facility purchasing property or entering into a partnership or long-term lease must obtain proposals from at least three (3) consulting firms for the Phase I ESA development for scope exceeding \$25,000. The specifications are defined by the American Society of Testing and Materials (ASTM E1527-13).

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3. *Assessment and Investigation:* A facility purchasing property or entering into a partnership or long-term lease must authorize the selected consultant to conduct the environmental site assessment and site investigation. All recognized environmental conditions must be identified.
  4. *ESA Report:* The consultant must identify any deviation from ASTM specifications in the contract with the consulting firm and the assessment report.
  5. *Summary Memo:* A facility purchasing property or entering into a partnership or long-term lease must provide a summary memo to the HCA Development, Legal, and Real Estate Departments. Development Counsel is responsible for negotiation of the assignment of remediation obligation.
- REFERENCES:**  
 American Society of Testing and Materials (ASTM E1527-13)  
 U.S. Environmental Protection Agency “Standards and Practices for All Appropriate Inquiries Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) of 1980