



MANAGEMENT OVERRIDE POLICY

Purpose

This policy provides for procedures to be undertaken any time a Manager or Supervisor requests or directs that Company policies or procedures be disregarded.

Responsibilities of Employees

We will follow established Company policies and procedures. The Company acknowledges that rarely extenuating circumstances may arise where Company policies or procedures cannot be fully adhered to.

Acceptable Management Override

Not every instance in which a policy is overridden or an exception to policy is taken will constitute a breach of the Code of Conduct. However, in order to ensure that any decision to depart from Company policy is not inconsistent with the Code, any Manager or Supervisor who directs another employee to disregard Company policy or to depart from a Company procedure or internal control, may report the matter either to Vice President of Operations or Regional Director who will inform the Controller or alternatively directly to the Controller together with a brief explanation as to why the Supervisor took the view that the departure from policy was considered warranted in the circumstances. The Controller will maintain a log of all instances of override reported and provide a summary on a quarterly basis to the Screening Committee/Compliance Officer who will report the instances to the Supertel Audit Committee

Inappropriate Management Override

Any employee who is directed by a Manager or Supervisor to depart from a Company policy and believes that the direction might constitute a violation of the Company's Code of Conduct or has concerns about the Company's accounting, internal controls and auditing matters, should report the matter as a possible violation of the Code to the Controller or the Whistleblower Coordinator. Where it is inappropriate to report the matter to the Controller, the matter should be reported directly to the Whistleblower Coordinator. The Whistleblower Policy outlines the procedures for making contact with the designated contacts, and information on the members of the Screening Committee

Examples of Inappropriate Management Override

- A Manager requests that a payment be made to a vendor without adequate supporting documentation
- A Manager requests that purchases be made despite the fact that appropriate authorization has not been obtained
- A Senior Finance Manager or Site Manager requests that significant journal entry is made or not made without basis for his or her decision or with inadequate documentation
- Significant information technology changes are made with out appropriate approval, or by bypassing the change management process
- A Manager hires an employee without obtaining appropriate Senior Management authorizations

Responsibilities of the Controller

The Controller must maintain a log of instances of management override reported. On a quarterly basis, the Controller will document the results of each investigation undertaken to the Screening Committee/Compliance Officer in a report detailing all instances of management override reported.

Communication

This policy will be communicated during the initial employee orientation and posted on the employee section of the Royco website. On an ongoing basis the Company's employee orientation will be used to direct employees to the location of this policy on the Company's website.

Greg Royer
President

Terry Royer
Chairman