



Code of Conduct for Suppliers





This Code of Conduct aims to establish the rules that will govern the ethical and environmental behavior of suppliers in the relationship with the BRF. The issues presented here are directly aligned to the BRF Code of Ethics and Conduct and Sustainability Guidelines of the Company. In other words, the BRF's true genuine belief that is part of a responsible and transparent operation.

For sustainability and longevity of our entire value chain, the rules published here come from the understanding of BRF on the responsibility of the organization to promote awareness of all its suppliers to adopt management based on specific criteria and environmental and social standards of service according to legal bases.

Through this Code, we reinforce the availability of another important channel of communication with suppliers, to discuss, in addition to technical factors relevant to the evolution of our business ethical and environmental aspects.

Such guidelines should be circulated to all suppliers at all levels of decision and operation of their respective businesses, providing a continuous search for quality and compliance with deadlines, as well as any adjustments in their management systems.

BRF is sure that we can count on your support and active participation essential for strict compliance with these guidelines and expects to receive, as soon as possible, the disclaimer of Science and Agreement completed and signed, which is available at the end of this document.

1 Foreword

Through the Code of Conduct for Suppliers, BRF reinforces its pledge of responsible administration and sustainability, including the adoption of the best practices and ethical behavior, important social-environmental themes and minimum standards to be followed by its whole partners chain.

It should be pointed out that the selection and maintenance of Suppliers contracted by BRF is based exclusively on technical, financial, quality, social-environmental and ethical criteria, as well as on the compliance of the legislation in force in the territory/territories in which the existing business relationship may occur.

2 Objective

The purpose of this document is to establish the guidelines for ethical conduct by the BRF Suppliers, in order to stimulate and to guide the adoption and compliance of accountable social-environmental practices in their operations.

3 Coverage

The destination of this material is the Supplier, who shall execute the Instrument of Notification and Agreement, returning it to BRF, following the instructions of its relationship area.

We should point out that the Code of Conduct for BRF's Suppliers was delivered also to our internal public – Directors, Managers, Supervisors, Coordinators and Technicians – who, when performing their daily activities, maintain the relationship with our business partners.

4 Guidelines for the relationship with Suppliers in general

Based upon the Code of Ethics and Conduct of BRF, ethical and social-environmental guidelines were established to all the Company's Suppliers. In the development and selection of Suppliers, service renderers and outgrowes, the Company considers impartially, the objective, technical, professional and ethical criteria, as well as the compliance of legal, labor and environmental requirements. Those companies that are socially responsible and connected to social and community transformation supported by BRF shall be preferred.

Therefore, we expect pledges and practices which are in harmony to the themes below.



4.1 Relationship among Suppliers and BRF's employees

BRF is concerned to avoid the occurrence of conflicts of interests. However, in case of conflict or of a possible conflict, the situation shall be immediately informed to the responsible areas.

The business contacts shall follow specific standards and the proper ethical conduct, avoiding situations of conflict of interest and/or any relationships that may interfere – or seem to interfere – in the full performance of the businesses, such as:

- To perform outside activities that may conflict with the Company's interests;
- BRF's employees and its Suppliers shall assure the understanding, transparency and candor of the necessary information for the quotation, contracting, purchase and administration of products;
- BRF does not allow its employees to perform activities that may have an influence on the purchase decisions. This includes the contracting of Suppliers, for private purposes, without the express approval by the BRF Executive Board of Directors;
- BRF's employees may not participate, as holders, partners or executives, either directly or indirectly through an intermediate person of a company that maintains a business relationship with BRF, except in cases expressly authorized by the BRF Executive Board of Directors;
- The Suppliers may not use properties, services and/or employees of BRF for the benefits of their own or of third parties;
- The Suppliers may not use, sell, or keep alcoholic beverages or illegal drugs within BRF's facilities. No one should remain within BRF's facilities while under the effect of or while affected by the use of said substances;
- It is strictly prohibited to bear arms of any type within BRF's facilities, except in the cases with express authorization, considering the activity performed within the Company;
- BRF does not allow the promotion of electoral campaigns within its facilities, and the access to candidates, BRF's employees or not, to any elective function, may only be allowed with previous authorization from the BRF Executive Board of Directors;
- The employees, agents or contracted parties of the Suppliers shall follow the access, identification and permanence controls of BRF's facilities;

- Visits to the BRF plants and warehouses for materials, by the Suppliers, will only be allowed by formal request and when authorized by the Technical or the Operational Board of Directors; and
- The dealings with related parties shall assure substantial honesty and procedure honesty, through the compliance of previously established business conduct rules, applicable to said dealings, with said rules of conduct being properly disclosed to the market.

Souvenirs, gifts, trips and other benefits

BRF employees shall not accept and receive trips, souvenirs, gifts or any other type of aiding that exceed, during the year, the value of 1 (one) national minimum salary in Brazil, and US\$300.00 (three hundred American Dollars) in other countries;

- The receiving, by BRF's employees, of air tickets, trips and gifts offered by Suppliers, service renderers or clients, for visits and/or participation in events of technical nature, may only be accepted if approved by the BRF Executive Board of Directors and/or Chairman's office;
- The receiving of commissions, gifts or privileges in the purchase of materials and/or other services, creates conflicts of interest and is harmful to BRF image and, therefore, will not be tolerated, except in case of souvenirs, and provided they follow the limits established in this Code;
- BRF does not allow the granting of patronage for improvements of recreation areas, internal gifts and fraternizations except for special events and under conditions expressly approved by the BRF Executive Board of Directors;
- Invitations by Suppliers for business lunches or dinners shall be approved by the immediate superior of the invited employee, who shall pay his own expenses and shall apply for the reimbursement;
- It is recommended that at least two BRF employees participate in events sponsored by Suppliers; and
- The participation of employees in events with Suppliers during competitive or negotiation process, except with previous and express authorization by the BRF Executive Board of Directors.



Treatment of information and use of equipment

- During the visits to BRF plants and warehouses of materials by the Suppliers, as well as in situations of supply of materials or equipment in commodatum, all related data are exclusively owned and used by BRF, with their disclosure being prohibited.

In this way, development and installation of equipment, tests and solution of specific problems shall be performed with the presence of the respective technical area, and after the formal authorization by the BRF Executive Board of Directors;

- It is strictly prohibited to obtain, use, reproduce and disclose facts, data and/or relevant or confidential privileged information of BRF that have not been yet disclosed to the market, in the benefit of one self or of third parties;
- Information relative to supply agreements and to purchase business terms shall be treated with extreme confidentiality, and shall be transmitted to other areas of BRF under express authorization from the BRF Executive Board of Directors;
- BRF does not allow the use of its equipment and other resources of access to information for unauthorized purposes;
- The use of non homologated software in BRF equipment is prohibited;
- The use of BRF trade marks and logos without previous and express authorization from the BRF Executive Board of Directors is prohibited, as per its Corporate Bylaws; and
- BRF does not authorize the holding of conference, seminar or academic works on the BRF processes and businesses, without authorization by the BRF Executive Board of Directors, aligned with the Corporate Affairs area.

4.2 Operational Management of Suppliers

A good operational administration and management is reflected in financial benefits that provide costs reduction related to efficiency, reduction of risks of fines, greater productivity and reduction of social-environmental impacts. Considering these facts, our Suppliers shall pay attention to the following standards that shall be applied as per the applicable local legislation:

- Compliance of the legal requirements of the operation, such as licenses for operation, Municipal, State and/or Federal permits and Health Surveillance Agencies, among other applicable requirements;

- Maintenance of quality standards, environmental efficiency and good practices programs in the whole production/service rendering process, including monitoring of plagues, sanitization, safety, storage and dispatching of raw materials, ingredients and packaging material, as well as activities related to logistics and transportation;
- Performing the tracking down of products and services, keeping a file on their origins;
- Preventing the occurrence of illegal conducts, fighting corruption and fraud, and avoiding conflicts of interests in the relationships with the government, the private sector and/or third sector, applying, as the case may be, the FCPA (Foreign Corrupt Practices Act) standards and other related legislations;
- Capacitating its subcontractors relative to productivity, quality of product and profitability, guiding them on the good social, environmental, health and safety practices; and
- For the Suppliers that have direct contact with our consumers and clients, we expect a service based upon ethical principles, in order to have an efficient, transparent, polite service, committed to the client's satisfaction.

4.3 Social Management of the Suppliers

The respect to fundamental rights of their employees and to the basic work conditions is one of the requirements considered as fundamental to BRF and, therefore, that are expected from all Suppliers, therefore avoiding sanctions, fines and labor legal proceedings.

Labor Legislation, Social Security Legislation and Employment Relationship.

The Parties are aware of, know and will respect and comply with the applicable legislation in force. Therefore, we may mention, as example, some points that should be applied in the existing relationship between BRF and Suppliers:

- The maintenance of an environment that assures the basic health and safety conditions to the worker is quite fundamental, as well as to perform trainings and to have preventive measures against accidents and diseases, providing individual safety and physical protection equipment, following the applicable standards;
- Excess of work hours should not be allowed, with the overtime hours being only within the legal limits and as agreed by the parties, assuring the paid weekly paid rest period, following the applicable standards;



- The workers shall be paid appropriately, following the minimum criteria established by law or by the workers' unions, with the payments made on time, plus other legal benefits, without wage deductions due to disciplinary issues;
- The labor charges, social security contributions and taxes relative to the payroll shall be duly paid, as established in the applicable regulations;
- The use of clear and transparent criteria relative to disciplinary measures applied in eventual cases of reprimands and/or warnings to the workers, with abusive treatment and physical punishment is totally prohibited;
- To assure the right of the employees to be members of class associations and workers unions and to organize themselves into entities of their own choice, without retaliation, under the terms established in the applicable standards;
- Not to restrain the freedom of the worker by retaining documents, extending the work hours and degrading working and housing conditions – a fact that may be characterized as forced work and/or similar to slave work;
- To contract workers following the minimum legal age, as determined in the applicable standard. As an example, the minimum legal age in Brazil is 16 (sixteen) years. Child labor is characterized when performed by children and teenagers that are below the minimum legal age, jeopardizing their physical, moral and psychosocial integrity. Insalubrious and dangerous activities are restricted to workers of legal age, provided the legal health and safety precepts are duly complied;
- Handicapped persons shall be contracted under the terms, specifications and percentile numbers determined by law;
- Provide equal conditions of hiring, compensation, access to training and promotion to its employees;
- Provide a work environment that respects diversity, thus excluding discrimination because of race, color, creed or philosophy of life, sex, national origin, age, sexual orientation, physical or mental disability, pregnancy, marital status, membership in union and political positioning, among other reasons;
- Advise your employees and subcontractors in relation to combating child / youth sexual exploitation; and
- Maintain relationship with the communities surrounding their business channels in order to identify and minimize externalities, such as odor, noise, flow transport and other relevant impacts.

4.4 Environmental management by the Suppliers

The respect to the environmental legislation – as well as the continuous search for ecologically efficient processes and for a clean production – brings real opportunities of gain for the organizations. On the other hand, the efficiency of consumption of natural resources helps in the regeneration of biodiversity and in the reduction of environmental impacts caused by human activities.

It is not a simple chance that BRF suppliers shall comply and maintain their processes following the applicable environmental legislation and adopt environmental management corporate standards when necessary, with adaptation plans for discussion of non conformities.

Applicable environmental legislation

The Parties are aware of, know and will respect and comply with the applicable legislation in force. Therefore, we may mention, as example, some points that should be applied in the existing relationship between BRF and Suppliers:

- The Suppliers shall hold an environment license, required under the terms of the applicable legislation and standards, for being a legal obligation of any undertaking or activity potentially pollutant or degrading to the environment.
- Adapt the management of residues to the legislation and to the eventually applicable classification standards, including type, storage, destination and transport;
- To keep water consumption within the limits established by law. The treatment of effluents derived from operations and activities shall follow the legal standards and parameters in order not to contaminate the water and underground water with effluents;
- To control its atmospheric emissions as per the limits established by law in respect to particulate material, greenhouse gases and other gases;
- Rational use of water, energy and materials;
- Promote the reduction and management of waste and effluents, and
- Control and reduce emissions from deforestation, burning, transportation, manufacturing process, operational efficiency etc.



5 Conformity with the guidelines of this Code

BRF expects that its Suppliers be pledged with the search for an ethical and responsible administration, based upon the requirements of this Code, and requests the formalization of the Instrument of Notification and Agreement (page 13). The compliance of the requirements contained in the document in question shall be monitored and evaluated periodically by BRF and the non compliance thereof will result in the application of disciplinary measures and/or fines established in the labor, civil or penal legislation, as the situation may require, up to including the termination of the business relationship between the parties.

Besides the Legal, Human Resources and Internal Audit departments of BRF, the BRF Executive Board of Directors shall analyze and elect the procedure applied to each case, both in respect to BRF's employees as to its Suppliers.

6 Doubts and denunciation

In case of doubts relative to any item covered by this document or other questions not covered by it, the Suppliers shall call their respective relationship contact at BRF.

As for denunciation, in case of conflict or potential conflict of interest, such a doubt shall be informed immediately to the responsible areas, through the communication channels offered by the Company.

It is expected that all partners should attend all obligations established by this Code of Conduct and inform eventual improper conducts. The anonymity and confidentiality are assured and no reprisals or punishments to the denunciator parties will be tolerated.

Denunciation channels:

E-mail: denuncia@brf-br.com
comitedeauditoria@brf-br.com

Phone: 0800 702 7014
+55 11 3466-8510

Approval and validity

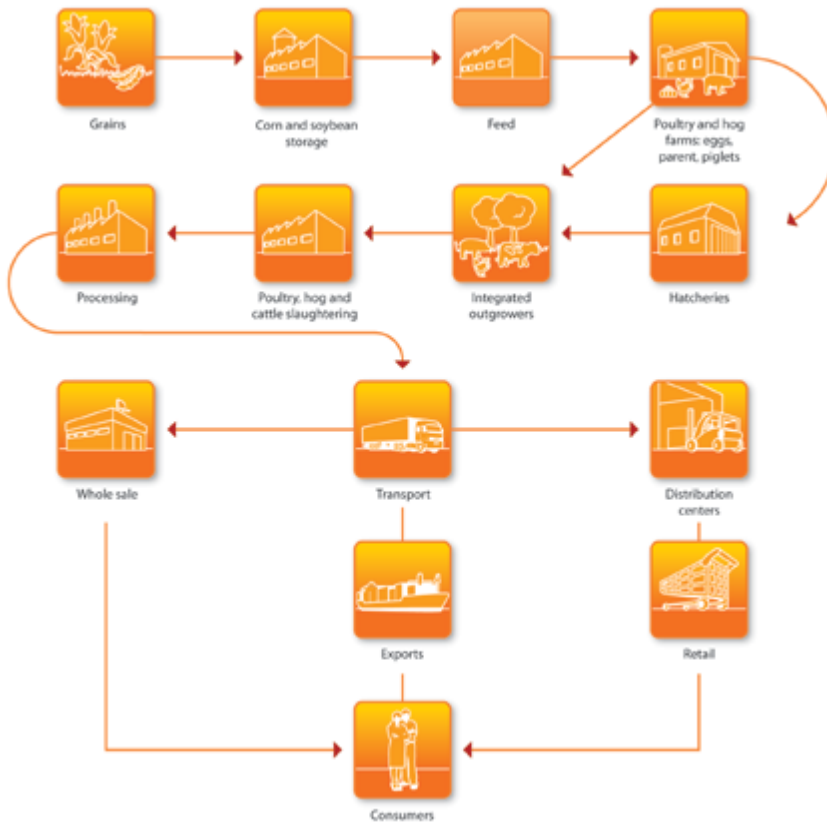
This document was approved by the Executive Board of Directors, and reviewed in May 2012, and shall become effective immediately. All other standards and regulations established by the Company shall remain also in force. The Code is fully disclosed to all operational staff, administrators, BRF Audit Committee, Suppliers, service renderers and integrated parties. It may be visited at the company's site: www.brf-br.com.

Through a strong link among all its partners, BRF tries to make its value chain more responsible and sustainable.

Dairy products production chain



Meat production chain



7 External Commitments

The voluntary adherence to some social and environmental commitments is another manner for BRF to link its activities to subjects it considers important for its businesses. Besides, we encourage our Suppliers to know, read and evaluate the possibility of adherence to the initiatives below, as a manner to increase their responsible performance in the business deals.



On the Right Track Program

It calls governments, companies and third sector enterprise to fight sexual abuse of children and adolescents in Brazilian roads.

http://www.namaocerta.org.br/ing_index.php

Initiative: Childhood Brasil and Instituto Ethos.



Business Pact for Integrity and Against Corruption

A pledge on behalf of business ethics. It represents a set of guidelines and procedures that shall be adopted by the member companies in their relationships with public entities and agents.

www.empresalimpa.org.br

Initiative: Instituto Ethos, UniEthos, Patri e Políticas Públicas, United Nations Development Program (PNUD), United Nations Office on Drugs and Crime (UNODC) and Brazilian Committee of Global Compact.



National Pact for the Eradication of Slave Labour

It commits the private initiative to act effectively towards the eradication of slave labour in its production chains. As an example, they do not trade with Suppliers that use slave labour.

www.reporterbrasil.org.br/pacto

Initiative: Instituto Ethos, Instituto Observatório Social, International Labour Organization (OIT) and the NGO Repórter Brasil.



Global Compact

Calls the leaders of international business community to support the promotion of fundamental values in the environment, human and labor rights and fight to corruption areas.

<http://www.unglobalcompact.org/>

Initiative: United Nations Organization (UNO), United Nations Program for Environment (PNUMA), International Labour Organization (ILO), United Nations Industrial Development Organization (UNIDO) and United Nations Development Program (PNUD).



Business for Climate Platform

An initiative the purpose of which is to support the companies in the organization of low carbon economy in Brazil, evaluating the risks and opportunities in the management of greenhouse gases emission and discussing, collectively, practical solutions and contributions to the legal framework in the country. www.fgv.br/ces/epc

Initiative: Corporate Leaders Network for Climate Action (CLN), Centro de Estudos em Sustentabilidade da EAESP (GVCes) and 27 founding companies.



Instrument of Notification and Agreement

As a Supplier of BRF and/or its subsidiaries, I hereby declare that received a copy of the document named “Code of Conduct for Suppliers”, that gives the main expected ethical and social-environmental aspects relative to the relationship among the parties.

I understand the importance of its contents to guide negotiations and to assure the quality of the business relationships with BRF.

Therefore, I hereby declare as follows:

- The ethical and social-environmental guidelines defined in this Code are known by me;
- I hereby promise to comply the compulsory requirements as legal guidelines and technical requirements of BRF;
- I will be available to receive BRF's representatives and to supply them with the documentation required upon the technical and monitoring visits;
- I will disclose this Code to my representatives, collaborators, suppliers and contractors that render services to BRF.

Company

Tax ID number (CNPJ/MF)

Address

Name and function of the legal representative ¹ of the supplying company

Signature, local and date

Name and function of the contact of the supplying company

Signature, local and date

¹ Person appointed by the company to act and to answer, in its behalf, representing it in negotiations during the business relationship with BRF, independently of having a direct contact with the processes and activities of negotiation.

Glossary

Administrators: members of the Executive board of Directors, of the Council of Administration, or of the Advising Committee of the Council of Administration.

Community: a community in which there are located the physical facilities of the Company, or in which the Company performs its corporate activities.

Conflict of interest: any situation in which a person is not independent in respect to the matter being discussed, and may influence or take decisions due to interests that enter into conflict with those of the Company.

Fundamental rights: the rights granted by the Federal Constitution in order to assure a worthy, free and equal relationship among all people.

Externalities: activities that involve involuntary imposition of costs or benefits, in other words, that has positive or negative effects on third parties – without said third parties having the opportunity to prohibit them and having the obligation of paying for them or the right to be indemnified. When the effects caused by the activities are positive, we call them positive externalities. When the effects are negative, they are called negative externalities. Examples of positive externalities: the research and development (for the effects on the society are normally quite positive, without the obligation by the society to pay for such a benefit); and the public assets (public health, street system, education, defense and security) As examples of negative externalities we have: environmental pollution caused by economic activities; the production of unsafe goods; and the production and consumption of illegal drugs. Contrary to the deals performed in the market, the externalities involve an involuntary imposition and constitute a lack of efficiency of the market. Therefore, it is necessary the intervention of the State, offering or creating incentives to the activity that constitute positive externalities (subsidizing the research and development, as an example) and prohibiting or creating incentives to the non production of negative externalities (such as the creation of regulations to control pollution by manufacturing plants). Source: Glossário 2011 of ISE BM&FBovespa.

Suppliers: Suppliers of materials, raw-materials, services, transport and integrated matters.

Privileged Information: data and information supplied to the Company and identified as secret by the clients,

Suppliers/partners and those of interest and importance to the Company's businesses, as well as those considered by the capital market as important in the decision for purchase or sale of bonds and securities. Among them, but not limited to them, there are those of business, technical and/or strategic nature and those related to employees, self employed personnel, advisors, service renderers, representatives and agents. This includes any copies or files – oral or written – contained in any physical media, that were supplied or disclosed directly or indirectly to the members of the Company, relative to it, to its controlled, allied, subsidiary companies, shareholders, clients, service renderers or suppliers; those on the financial situation, forecasts, perspective of performance and similar ones, used by the Company administration, which shall remain limited to that area and to the persons that have executed the proper instrument of external confidentiality, up to the official disclosure, if this is the purpose.

Related parties: natural persons or legal entities, with which the Company has the possibility to make the following deals: purchase, sale, loan or borrowing, remunerate, render or receive services, operational conditions, give or receive under trust, payment of capital, perform options, distribute profits, etc. – under conditions that are not those of commutativity and independence that characterize the dealings with third parties foreign to the Company, to its managerial control or any other area of influence.

Government: any governmental agency, authority or entity.

Subcontractor: a company contracted by the supplier to perform, in its name, part of a work, service or supply, through an agreement executed only with the supplier.

Sustainability: for the corporate sector, this concept represents a new manner to deal which promotes, simultaneously, social inclusion (in respect to the cultural diversity and to the interests of all parties involved in the deal, either directly or indirectly), reduces – or optimizes – the use of natural resources and the impact on the environment, preserving the integrity of the planet for future generations, without forgetting the economical-financial profitability of the undertaking. Sustainability, together with the best practices of corporate governance, creates value to the shareholder and provides more probability of long term business continuity. At the same time, it contributes for the sustainable development, benefiting the whole society of the planet. Source: Glossário 2011 of ISE BM&FBovespa.



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