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Global Coalition for Animal Welfare

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Cage Free Eggs Procurement: A GCAW Consultation Report

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GCAW CONSULTATION ON CAGE-FREE EGG PROCUREMENT REPORT

THE GLOBAL COALITION FOR ANIMAL WELFARE

The Global Coalition for Animal Welfare (GCAW) is the world's first food-industry-led initiative aimed at advancing animal welfare globally. Launched in October 2018, the global platform unites major companies and animal welfare experts in improving animal welfare standards at scale and in meeting consumer demand for food products from animals reared in systems that promote good welfare.

Consisting of thirteen member companies, GCAW represents some of the largest names in global food production and food service: Aramark, Compass Group, Elior Group, Hilton Food Group, IKEA Food Services, Maple Leaf Foods, Nestlé, Sodexo, Tesco, The Cheesecake Factory, The Kroger Co., Tyson Foods and Unilever. With combined revenues of over USD 400 billion (EUR 330 billion) these companies have joined the Coalition to collectively address systemic barriers to improving animal welfare, accelerate the development of standards, and drive progress on key welfare issues.

GCAW's work is currently centred around three species-specific working groups addressing the welfare of laying hens, broiler chickens and pigs.

TRANSITIONING TO CAGE-FREE EGG SUPPLY CHAINS

Since 2016, over 1,000 companies globally have committed to cage-free egg production, including more than 300 in North America and more than 800 across Europe. Most of these commitments are to be achieved by 2025.

In February 2021, the GCAW Laying Hen Welfare Working Group facilitated discussions with procurement colleagues from the member companies, with the aim of identifying barriers to the sourcing of cage-free eggs. The procurement of cage-free processed egg ingredients was identified as a key challenge in meeting global cage-free egg commitments. Specifically, the challenges centre on availability, cost and traceability of cage-free processed egg ingredients.

The potential for alternative supply chain models to facilitate procurement of cage-free processed egg ingredients was considered, reflecting on the models described by the Roundtable on Sustainable Palm Oil (RSPO): 'Identity Preserved', 'Segregated', 'Mass Balance' and 'Book and Claim'. The Working Group decided to hold a public consultation to seek wider views on the potential for 'Mass Balance' and 'Book and Claim' supply chain models to address the challenges of availability, cost and traceability of cage-free processed egg ingredients.

CONSULTATION PROCESS

The consultation was held from 9th August to 1st October 2021, seeking feedback on potential solutions for the procurement of cage-free processed egg ingredients from industry associations, egg producers, other food companies, and non-governmental organisations.

The consultation focused on processed egg ingredients, which was defined as all egg products other than shell eggs, including liquid, frozen and dried whole egg, yolks and albumen, and further processed or cooked egg products.

The supply chain models proposed for consideration were described in the consultation document as follows:

SEGREGATED

Cage-free processed egg ingredients from different, traceable sources are kept separate from non-cage-free processed egg ingredients throughout the supply chain.

Advantages: A 'segregated' supply chain allows companies to confidently claim that their products contain only cage-free eggs.

Disadvantages: This is a more costly model when volumes are low (e.g. when cage-free egg demand is small in proportion to the total egg market). Costs associated with cage-free certification need to be borne either by the egg producer or by the purchasing companies (e.g. food manufacturers, retailers, food service companies).

MASS BALANCE

Cage-free processed egg ingredients from different, traceable sources are mixed with non-cage-free processed egg ingredients throughout the supply chain. Production of cage-free eggs is stimulated as more companies willing to pay for cage-free eggs participate in a 'mass balance' supply chain.

Advantages: Companies with cage-free egg commitments can directly support the transition to cage-free production by paying a premium for the eggs they buy through a 'mass balance' supply chain. A 'mass balance' supply chain avoids the costs associated with setting up a 'segregated' supply chain and enables support of low-volume producers, until the point where increased volumes result in a 'segregated' supply chain becoming economically viable.

Disadvantages: It can be challenging for companies with a 'mass balance' supply chain to clearly communicate to consumers on their use of cage-free eggs.

BOOK AND CLAIM

The supply chain is not monitored for the presence of cage-free processed egg ingredients. Manufacturers and retailers can buy 'credits' from cage-free egg producers. This model can support development of cage-free egg production in regions where production is limited and where volume or geographic limitations make it uneconomic to incorporate the limited production into supply chains.

Advantages: 'Credits' from a 'book and claim' supply chain can help support cage-free egg production whilst increasing volumes, until the point where a 'segregated' supply chain becomes viable.

Disadvantages: It can be challenging for companies with a 'book and claim' supply chain to clearly communicate to consumers on their use of cage-free eggs.

The consultation was published on the GCAW website and LinkedIn page and sent directly to approximately sixty companies and organisations globally, including industry associations, egg producers and NGOs. A press release was published and reported on by Poultry World, The Poultry Site, European Supermarket Magazine and Farming UK.

All feedback received has been treated in strictest confidence. To avoid individual respondents being identified, any information gathered via the consultation has been aggregated or anonymised by the GCAW Secretariat before being shared with the GCAW members or publicly.

The consultation questions are presented in the appendix of this report.

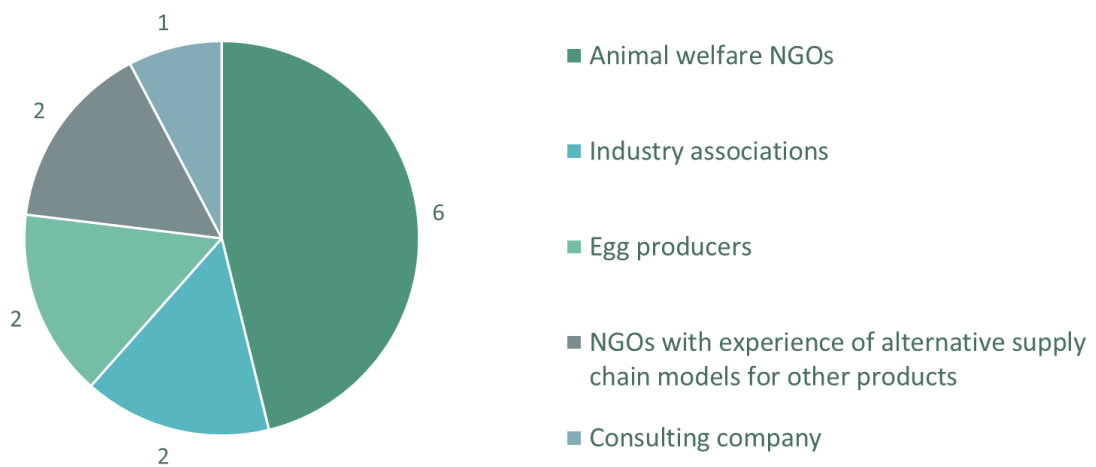
RESPONDENTS

The consultation received responses from thirteen respondents. Whilst this was a lower response rate than expected, and the responses were heavily skewed towards non-governmental organisations, the responses received were detailed and insightful.

Two responses received were from egg producers, based in Asia and Latin America and representing approximately 750 million eggs per annum, and a further two responses were from egg producer associations, based in Africa and Europe and representing approximately 15 billion eggs per annum.

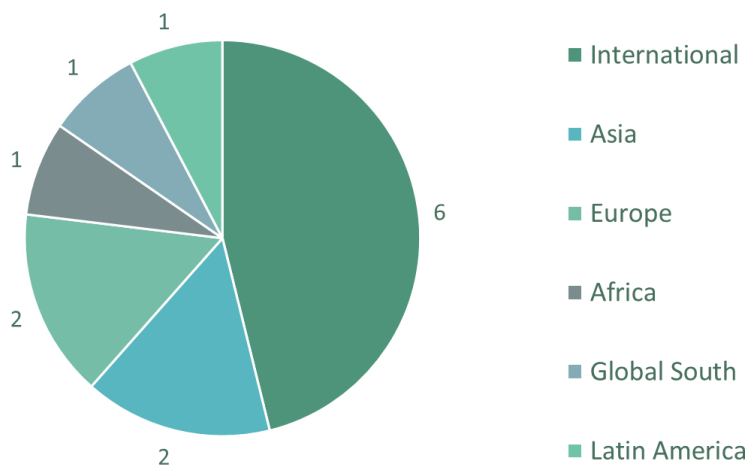
Of the responses from non-governmental organisations (NGOs), six were from animal welfare-focused NGOs and two were from NGOs with experience of alternative supply chains models for other products.

Type of respondent



Six respondents were international in presence, with four having headquarters in North America and two in Europe. The location of the remaining respondents was globally diverse, resulting in all continents except Australia being represented.

Location of respondent



RESPONSES

Due to the low response rate, we have not conducted a quantitative analysis. However, the responses reveal some interesting insights, which we have summarised below. The quotes presented have been selected to reflect the range of views expressed by the respondents. Multiple examples of responses expressing similar points of view have not been included but where we have been able to triangulate perspectives from two or more sources, this is noted in the accompanying summary.

MASS BALANCE SUPPLY CHAIN MODEL

OPPORTUNITIES

Respondents identified the opportunity for mass balance supply chains to produce cost savings in comparison to segregated supply chains. They also suggested that mass balance supply chains were most helpful in complex supply chains, for example where there are multiple processing steps involved, as these had the greatest potential for cost savings. One egg industry association respondent noted that mass balance supply chain models could enable contractual purchase or offtake agreements (agreements to buy all, or a substantial portion, of the output from a producer).

“Allows [companies] to increase the volumes of cage-free egg ingredient sourced in their overall supply chain without having to bear the costs of building a segregated supply chain.”

Animal welfare NGO, International (headquartered in Europe)

“Mass Balance is used for commodities [such as cotton and cocoa] because their supply chain is very complex and makes the process of complete segregation expensive.”

Consulting company, Asia

“[Enable] contractual purchase or off take agreements essential to ensure producer viability.”

Egg industry association, Africa

DISADVANTAGES

The general view of respondents was that the egg ingredients supply chain was not complex enough to warrant a mass balance supply chain model. There was concern from animal welfare NGOs that a mass balance supply chain model could slow the industry’s transition to cage-free production and could confuse customers.

“Consumers that buy cage-free products for ethical reasons could be misled by product claims.”

Animal welfare NGO, Global South (headquartered in Europe)

“This approach would slow the process of transitioning to cage-free systems. It could also undermine consumers’ trust when it is not clear if a product does contain cage eggs or not. Furthermore it is much easier to “hide” cage eggs when a company chooses a non-“segregated” supply chain”

Animal welfare NGO, Europe

“Off-take agreements and price needs to ensure total egg production is viable to the producer.”

Egg industry association, Africa

“[It] would indirectly weaken the incentives for a corporation’s cage-free transition as well as confuse consumers”

Animal welfare NGO, International (headquartered in North America)

Current challenges to the adoption of mass balance supply chains mentioned by respondents included economics and the lack of availability of such a scheme.

“Companies are not willing to pay more for cage free eggs”

Egg producer, Latin America

“Economics of cage free production versus caged egg production”

Egg industry association, Africa

“No scheme exists.”

Consulting company, Asia

“Companies prefer to track their supply chain and not mix their products' ingredients.”

Animal welfare NGO, International (headquartered in North America)

SUITABLE SUPPLY CHAINS

Overall, respondents proposed that mass balance supply chains would be more suited to regions in which cage-free egg availability remains limited, predominately geographies outside Europe and North America.

“[More suited to] Asia or any geographies outside of EU and North America where cage free ingredients production is very limited”

Animal welfare NGO, International (headquartered in Europe)

“High economic earners in Europe, USA and perhaps Australia, may well support products with cage free ingredients.”

Egg industry association, Africa

“Focus on critical regions, such as Asia.”

Responsible sourcing NGO, International (headquartered in Europe)

“The cage-free movement is well established, in every single industrial sector. We have yet to encounter a case where cage-free eggs couldn't be sourced directly.”

Animal welfare NGO, International (headquartered in North America)

COMMUNICATION TO CONSUMERS

There was concern from respondents, particularly from the animal welfare NGOs, that it would be challenging for companies to effectively communicate to consumers on the use of cage-free eggs within a mass balance supply chain model. Primarily, there was concern that consumers could be misled to understand a product contains cage-free egg when it does not.

“We would be concerned to see companies communicate at point of sales around a cage-free message if they do not have a segregated supply chain, as it can be misleading to consumers.”

Animal welfare NGO, International (headquartered in Europe)

“Above all, companies must not mislead the consumers if they choose to adopt mass balance or credits. They could state that they “support the transition for cage-free eggs in some regions”, or “xx% of our production is cage free”

Animal welfare NGO, Global South (headquartered in Europe)

“We do not recommend any labelling as “cage-free” or “supporting cage-free” in this case. It would surely undermine consumers' trust if products are labelled as any degree of “cage-free” that might contain cage eggs without a clear commitment and roadmap how to reach a “segregated” supply chains. NGOs would definitely not accept this language and inform consumers about the facts. We think that a temporary “book and claim” system within a transitioning roadmap would be much easier to communicate honestly to consumers.”

Animal welfare NGO, Europe

“Companies could claim they are using cage free eggs if that can be proven by inspection and auditing of volumes used or sold to volumes actually produced by the egg processing producer/s supplying them.”

Egg industry association, Africa

“If companies decide to do this, they can use the ISEAL claim language. Claim language can also be developed based on RSPO.”

Consulting Company, Asia

BOOK AND CLAIM SUPPLY CHAIN MODEL

OPPORTUNITIES

Respondents were more positive about the opportunities a book and claim supply chain model could present. The primary benefit of a book and claim system identified by the respondents was that it could encourage generation of cage-free egg supply in regions where this is nascent.

“It allows brands a way to ‘leap-frog’ their supply chains, and support producers to move towards best practices. Companies can invest in building up a supply of more responsible producers, and producers will benefit from the financial support.”

Responsible sourcing NGO, International (headquartered in North America)

“Financial support to grow cage-free production.”

Egg producer, Latin America

“A gradual increase in cage free processed egg via book and claim will allow a gradual change over from caged to cage free, provided the premium for cage free egg products is maintained.”

Egg industry association, Africa

“B&C is an easy system for market transformation. Money flows from risk takers (brands/retailers) to risks generators (farmers). And this is what is needed. With a “direct” B&C system, brands can choose farmers from their supplying regions. They know whom they are supporting. And they can transform regions towards full cage-free production. It has no sense to change complex logistics first and then look for more farms to deliver. More easy is to change production practices in critical areas first with a B&C system, then the logistics follow by fact.”

Responsible sourcing NGO, International (headquartered in Europe)

“The ‘book and claim’ supply chain model reduces logistical costs of cage-free egg sourcing in geographic areas with limited cage-free egg supply while still supporting the growth of cage-free egg supply to the point that, in the future, food companies can switch to a segregated supply chain model for fulfilment of their cage-free egg commitments. Further, several major global animal protection NGOs have publicly supported ‘book and claim’ supply chain models as an acceptable way to transition to 100% cage-free eggs in global supply chains, assuming that final fulfilment reporting is based on a ‘segregated’ supply chain model.”

Animal welfare NGO, International (headquartered in North America)

“It would allow companies to directly support cage-free egg producers when it is not possible yet to sign direct contracts with each of them due to their size and numbers [...and...] increase the volumes of cage-free egg ingredient sourced in their overall supply chain without having to bear the costs of building a segregated supply chain.”

Animal welfare NGO, International (headquartered in Europe)

DISADVANTAGES

The primary disadvantages of book and claim supply chains identified by respondents were challenges around effective communication to consumers and concern that the model may not provide sufficient incentive to producers to transition to cage-free production.

“[There is a risk] that credits are not attractive enough and do not encourage cage-free production.”

Egg producer, Latin America

“We are strongly favouring a segregated supply chain over all other options, to encourage supply chain knowledge, traceability and transparency as well as direct sourcing and contracting with suppliers.”

Animal welfare NGO, International (headquartered in Europe)

“Companies must not claim that they use cage free eggs if they choose the book and claim model. The final goal of all companies should be segregated”

Animal welfare NGO, Global South (headquartered in Europe)

“If there is no set timeline for transitioning to a “segregated” supply chain, this system will not put enough pressure on producers to bring about change. Companies can not make any claims about their product being cage-free.”

Animal welfare NGO, Europe

The responses regarding what is currently preventing the adoption of a book and claim supply chain were varied. It was noted that there was some concern from animal welfare NGOs that book and claim is seen as greenwashing and, whilst a book and claim initiative is available in Asia¹, such an initiative is not available in other geographies.

“Some NGO’s see B&C as greenwashing. This is not true. B&C allows to incentivise the very beginning of the supply chain (farmers). Building segregated flows when no volumes are available is too expensive. It will never happen unless farmers are forced by law”

Responsible sourcing NGO, International (headquartered in Europe)

“Don’t think it exists in our country, those demanding cage free egg products enter into off take agreements with cage free egg suppliers”

Egg industry association, Africa

“The ‘book and claim’ supply chain model for cage-free eggs is not yet readily available in some regions, like Africa, Latin America, and the Middle East.”

Animal welfare NGO, International (headquartered in North America)

“Companies prefer to have a “segregated” supply chain which we absolutely recommend for areas where cage-free eggs are available”

Animal welfare NGO, Europe

“[Companies’] main concern is that without deadlines and goals to move to segregated supply chains it won’t actually lead to conversions. Companies are also worried about how to explain these issues to the public.”

Animal welfare NGO, International (headquartered in North America)

SUITABLE SUPPLY CHAINS

As for mass balance supply chains, respondents proposed that book and claim supply chains would be more suited to regions in which cage-free egg availability is limited, predominately geographies outside Europe and North America.

“This model can be used for any commodity in which the sustainable commodity is still nascent in comparison to the conventional counterpart.”

Consulting company, Asia

“[More suited to] products that are linked to long and complex supply chains, products that do not historically have brand/producer connections (eg: leather), products that are just getting started with sustainable practices”

Responsible sourcing NGO, International (headquartered in North America)

¹ <https://globalfoodpartners.com/publications/accelerating-cage-free-egg-production-in-asia>

“In emerging markets where supply of cage-free eggs is still low”

Animal welfare NGO, Europe

“Regions with relatively fewer segregated cage-free eggs, such as Africa, Asia, Latin America, and the Middle East. [...] less helpful in regions with significant existing cage-free egg supply, such as the US and Europe.”

Animal welfare NGO, International (headquartered in North America)

“The cage-free movement is well established, in every single industrial sector. We have yet to encounter a case where cage-free eggs couldn’t be sourced directly.”

Animal welfare NGO, International (headquartered in North America)

COMMUNICATION TO CONSUMERS

The concerns regarding communicating to consumers on the basis of a book and claim supply chain were much the same as for a mass balance supply chain. Primarily, there was concern about point of sale communication and the risk for consumers to be misled.

“We would be concerned to see companies communicate at point of sales around a cage-free message if they do not have a segregated supply chain, as it can be misleading to consumers.”

Animal welfare NGO, International (headquartered in Europe)

“We recommend that companies focus their messaging on a set date for when they will be completely cage-free and give public accountability reports on progress regularly”

Animal welfare NGO, Europe

“[The] Impact Incentives program has claim language that was developed in line with ISEAL’s claim guidelines. These can be on product and off product claims. Permissible claims: “Supports the production of certified cage-free eggs”; “Supporting certified cage-free eggs”; “We are using Impact Incentives to support certified cage-free egg farms.””

Consulting company, Asia

FURTHER SUGGESTIONS FOR PROCUREMENT OF CAGE-FREE EGG INGREDIENTS

The consultation provided an opportunity for respondents to provide further suggestions for facilitating procurement of cage-free processed egg ingredients. These further suggestions were wide-ranging, from encouraging legislative change and national supply chains, to additional corporate commitments and marketing communications.

“Raise employee and farmers awareness about animal welfare; facilitate the approval of regulation and legislation to support the transition for cage free eggs; include clauses in the contracts with suppliers to establish the cage free requirement and also penalties for noncompliance; reward and support producers with certifications recognised by animal protection NGOs”

Animal welfare NGO, Global South (headquartered in Europe)

“Support local (national) egg production rather than importing eggs with potentially lower welfare standards and a higher carbon footprint. Consumer research shows overwhelming support for the increased use of domestically-produced egg ingredients and clear labelling.”

Egg industry association, Europe

“Let demand for cage free eggs and egg products evolve through contractual supply and off take agreements between processing food supply companies and producers”

Egg industry association, Africa

“Build capacity of farmers and suppliers; Build internal capacity of member companies; Include cage-free requirement in supplier contracts; Support for suppliers to meet cage-free standards; Monitor implementation; Evaluate if certification is needed and, if needed, help producers become certified”

Consulting company, Asia

“Companies should publish clear timebound 100% cage-free egg commitments covering their entire global egg supply chains to demonstrate to the public, consumers, stakeholders, and suppliers the seriousness this of their intent to procure exclusively cage-free eggs”

Animal welfare NGO, International (headquartered in North America)

“Responsible marketing communication is the essential factor for shifting to cage-free production.”

Egg producer, Asia

REFLECTIONS ON RESPONSES

At present, it does not appear that mass balance or book and claim supply chain models are in use for eggs. Respondents to the consultation were aware of mass balance supply chains being used or considered for other products (including biofuels, cocoa, coffee, cotton, fruit juice, palm oil, plastics, seafood, sugar, soy, tea and wood), and of book and claim supply chain models being used (for example, for aviation fuel, beef, carbon, cotton, leather, palm oil, plastics, soy and sugar).

Whilst the advantages of a mass balance supply chain were broadly acknowledged, particularly with regard to potential cost savings, there was little support for the use of mass balance supply chains for eggs from the consultation respondents. Some respondents perceived that egg supply chains were not as complex as other products for which mass balance supply chains have been developed, which typically feature multiple processing stages. Further, opposition to the use of mass balance supply chains focused on the potential for consumers to be misled by product claims. Moreover, animal welfare NGOs in particular expressed concern that a focus on mass balance supply would delay development of segregated supply chains, which were considered the ultimate goal by these respondents.

The following response was received from a responsible sourcing NGO, revealing a shifting perception of the utility of mass balance supply chains:

“With Book and Claim, the available volumes are built; Mass Balance is then the next step to start building segregated supply chains. This is how best practices are seen now. However, to my opinion, Mass Balance adds unnecessary costs for verification in the supply chain; money is going to certification bodies. Best is to build up volumes with Book & Claim and pass directly to segregated flows.”

Responsible sourcing NGO, International (headquartered in Europe)

There was some support expressed for the book and claim model, recognising that this model could provide support to cage-free producers in geographies where cage-free production is nascent and avoid costs and logistical challenges related to development of segregated supply chains. Nonetheless, concern was still expressed regarding the potential for customer communications to be misleading and that use of a book and claim model should be seen as a temporary measure, whilst a segregated supply chain is developed. Concern was also expressed that the incentive of a book and claim model may not provide sufficient incentive for producers to transition to cage-free production.

One animal welfare NGO provided detailed guidance on when they considered it may be acceptable to use an alternative supply chain model in place of a segregated supply chain:

“We are strongly favouring a segregated supply chain over all other options, to encourage supply chain knowledge, traceability and transparency as well as direct sourcing and contracting with suppliers. Any other option can only be acceptable to us if:

- *It is a temporary solution, with a fixed timeframe (max. 3 years ideally);*
- *It is used only in specific geographies like Asia, where cage free egg ingredient volumes are very limited;*
- *Coupled with a longer-term commitment and associated timeframe to develop a segregated supply chain;*
- *The company has made a clear public commitment to move to 100% cage-free egg ingredient and the mass balance/book and claim approach is the first step to progress towards this commitment;*
- *The company’s public communication is not misleading.”*

Animal welfare NGO, International (headquartered in Europe)

GCAW LAYING HEN WELFARE WORKING GROUP DISCUSSION

Prior to conducting this consultation, the GCAW Laying Hen Welfare Working Group identified the cost of sourcing cage-free processed egg ingredients, alongside availability and traceability, as the key barriers to developing cage-free egg supply chains. The working group discussed each of these issues further in light of the consultation responses received, noting in particular that different stakeholder groups will perceive the drivers of change differently and that the majority of respondents to this survey were non-governmental organisations.

The following provides a summary of how each of the key barriers to developing cage-free egg supply chains identified by the GCAW Laying Hen Welfare Working Group may be impacted by adoption of mass balance and book and claim supply chain models.

COST

Based on discussions in the Laying Hen Welfare Working Group and the survey responses, it is clear that both mass balance and book and claim supply chain models present an opportunity for reducing the cost, and logistical challenges, associated with development of segregated cage-free processed egg ingredient supply chains. Further, book and claim models may be able to be implemented more quickly than development of segregated supply chains in regions where book and claim initiatives are already available. Reductions in cost and logistical challenges present an opportunity for faster implementation of cage-free egg commitments.

It is worth noting that the responses to the consultation identified only one book and claim initiative currently available for cage-free eggs. In order for book and claim supply chains to be an attractive option for businesses, there needs to be more than one initiative available for companies to choose from, so that the initiatives are operating in a competitive market.

AVAILABILITY

The potential for mass balance supply chain models to positively affect availability of cage-free processed egg ingredients is suggested, whereas, the potential for a book and claim model to increase availability appears less certain. The advantage of mass balance supply chains in this respect is that support² is provided to producers within a company's own supply chain, in a similar way to a segregated supply chain. In contrast, the book and claim model supports producers outside of a company's supply chain and therefore, if the ambition is to develop a segregated supply chain, a company will need assurance that development of a book and claim model will encourage the transition to cage-free production of a sufficient volume of production that can be integrated into the company's supply chain.

That is, a book and claim model needs to incentivise a sufficiently large number of producers to transition to cage-free within an appropriate sourcing region, able to accommodate the necessary supply chain logistics, in order to guarantee the supply of cage-free eggs to a company in place of their current suppliers. Alternatively, the book and claim model will need to create significantly large impact within the local industry that it encourages transition of a company's current suppliers to cage-free production. However, in the latter instance, it could be argued that the support provided to the beneficiaries of the book and claim initiative could be otherwise invested in the company's existing suppliers, to enable earlier transition to cage-free production.

In regions where cage-free egg production is currently very limited, book and claim models may take a long time to directly benefit the supply chains of companies supporting them. Provided development of segregated cage-free supply chains is the ultimate aim, supporting producers within companies' existing supply chains (which could be via mass balance or book and claim initiatives) ensures that support is given to producers that are certain to be able to integrate into a future segregated supply chain.

² 'Support' refers primarily to financial support, i.e., the premium paid for cage-free production, but could also encompass wider actions, such as guidance or training for suppliers, or other financial support, such as long-term contracts.

TRACEABILITY

Both mass balance and book and claim supply chain models require development of traceability systems to enable their proper functioning. However, the benefits to a company resulting from efforts spent on developing either of these supply chain models will differ. For example, development of traceability systems for a mass balance supply chain will improve traceability of the products within a company's own supply chain, and therefore will likely complement or replace a company's existing traceability initiatives. Indeed, method of production traceability requirements could be built into existing food safety traceability requirements in order to lessen the additional work required. In contrast, development of a book-and-claim traceability system, focused on producers not currently within a company's supply chain, will not improve traceability of the products within a company's own supply chain and could be seen as a duplication of effort.

FURTHER REFLECTIONS

Book and claim systems work on the basis that the additional value added (e.g. from cage-free production) is allocated to one beneficiary. Therefore, the model works with commodity products that are not meaningfully differentiated from one another, despite the added value for the beneficiary. This also means the use of book and claim supply chain models for eggs is incompatible with mandatory, or voluntary, method of production labelling. Whilst mandatory method of production labelling is required in several European countries for shell eggs³⁴, this is not the case for ingredient eggs. However, mandatory method of production labelling for ingredient eggs is something that is being called for by animal welfare organisations and industry associations⁵⁶, and voluntary method of production labelling is already in use by many companies⁷⁸⁹.

Any alternative supply chain initiative will be focused on facilitating the sourcing of eggs from a specific method of production. This consultation has focused on cage-free eggs, but it is worth noting that companies looking to source to higher minimum standards, for example, free range production, would require an initiative focused on the higher-welfare method of production, rather than cage-free eggs.

As highlighted in the consultation responses, communication to consumers on the use of either mass balance or book and claim supply chain models is challenging. Opportunities for meaningful communications at point of sale, which also limit the risk for consumers to be misled, may be limited. Nonetheless, a combination of these models are already used for a wide range of consumer products, including Fair Trade products, and guidance for companies looking to communicate to consumers on the use of book and claim supply chain models has been developed in line with the ISEAL's claim guidelines¹⁰¹¹.

³ https://ec.europa.eu/food/animals/animal-welfare/other-aspects-animal-welfare/animal-welfare-labelling_en

⁴ <https://www.gov.uk/guidance/eggs-trade-regulations#marking-your-eggs>

⁵ https://www.fawf.org.uk/sites/default/files/2018-09/FAWF_Labelling_Food_FINAL.pdf

⁶ <https://www.fwi.co.uk/livestock/poultry/layers/better-labelling-of-egg-products-needed-say-beic>

⁷ <https://www.ah.nl/producten/product/wi187466/ah-roomboter-appeltaartje>

⁸ <https://www.atelierstmichel.fr/patisseries-de-l-atelier-st-michel/878-madeleine-geante-atelier-st-michel-350g-3178530405330.html>

⁹ <https://www.waitrose.com/ecom/products/waitrose-happy-birthday-cake/896759-414193-414194>

¹⁰ <https://impactincentives.org/>

¹¹ https://www.isealliance.org/sites/default/files/resource/2017-11/ISEAL_Claims_Good_Practice_Guide.pdf

CONCLUSION

The findings presented in this consultation report do not represent GCAW's position on the use of mass balance and book and claim supply chain models for the procurement of cage-free processed egg ingredients but provide insight into the possible advantages and disadvantages of their adoption.

Based on discussions in the Laying Hen Welfare Working Group and the survey responses, the primary advantages of both mass balance and book and claim supply chain models are a reduction in the cost and logistical challenges associated with developing segregated cage-free egg supply chains. The primary disadvantages identified are that mass balance and book and claim supply chains present challenges for consumer communication and that a focus on developing these alternative supply chains may delay development of segregated supply chains, which were considered the ultimate aim by the consultation respondents.

The consultation respondents suggested that book and claim supply chain initiatives may be particularly beneficial in encouraging development of cage-free egg supply in regions where this is nascent. Beyond the comparative reduction in the cost and logistical challenges associated with developing segregated cage-free egg supply chains, the consultation respondents did not suggest further benefits to the adoption of mass balance supply chains.

Provided the ultimate aim is to develop segregated cage-free egg supply chains, discussions in the Laying Hen Welfare Working Group identified that supporting producers within companies' existing supply chains (via mass balance or book and claim initiatives) ensures that support is given to producers that are certain to be able to integrate into a future segregated supply chain. Supporting producers within a company's existing supply chain avoids the need for additional efforts to encourage further producers to transition to cage-free production, and the need for additional traceability systems for producers outside a company's supply chain.

The Global Coalition for Animal Welfare would like to thank all respondents for taking the time to provide thoughtful and considered responses to the consultation.

If any organisation has feedback on this briefing or additional insights they would like to share with the Global Coalition for Animal Welfare, please contact secretariat@gc-animalwelfare.org

GUIDANCE FOR HOW COMPANIES MAY USE THIS BRIEFING

- Companies could share this briefing with their procurement teams;
- Companies could share this briefing with their current suppliers;
- Companies could consider reproducing the questionnaire in the Appendix and sending this to suppliers to gain further insight;
- Companies with direct experience of implementing a book and claim or mass balance supply chain model, for egg ingredients or other products, could share their knowledge with the industry, for example, via their websites;
- Companies with direct experience of implementing a book and claim or mass balance supply chain model, for egg ingredients or other products, are warmly invited to discuss their experience in a meeting of the GCAW Laying Hen Welfare Working Group. If interested, companies can contact secretariat@gc-animalwelfare.org

APPENDIX

CONSULTATION QUESTIONS

MASS BALANCE

1a. Are you aware of the use of a 'mass balance' supply chain for eggs, or other products? If so, do you know why a 'mass balance' supply chain was chosen?

1b. What opportunities would a 'mass balance' supply chain provide to egg producers and to individual companies in meeting their cage-free processed egg ingredient commitments?

1c. Are there disadvantages that would need to be considered in developing a 'mass balance' supply chain for cage-free processed egg ingredients?

1d. Are there particular supply chains (e.g. specific egg products or geographies) in which a 'mass balance' supply chain model would be more, or less, effective?

Specific products:

Specific geographies:

1e. What is currently preventing the adoption of a 'mass balance' supply chain for cage-free processed egg ingredients?

1f. What would need to happen in your region (geography) to develop a 'mass balance' supply chain for cage-free processed egg ingredients?

1g. How could GCAW help to develop a 'mass balance' supply chain for cage-free processed egg ingredients?

1h. How could companies communicate to consumers on cage-free processed egg ingredient supply chains based on a 'mass balance' model?

Companies could, for example, claim that their product "contributes to/supports the production of cage-free eggs" or could have an arrangement with the processor that a proportion of cage-free processed egg ingredients are included in the mix equivalent to that company's requirements, to enable the company to communicate on a 'dedicated' supply chain.

BOOK AND CLAIM

2a. Are you aware of the use of a 'book and claim' supply chain for eggs, or other products? If so, do you know why a 'book and claim' supply chain was chosen?

2b. What opportunities would a 'book and claim' supply chain model provide to egg producers and to individual companies in meeting their cage-free processed egg ingredient commitments?

2c. Are there disadvantages that would need to be considered in developing a 'book and claim' supply chain for cage-free processed egg ingredients?

2d. Are there particular supply chains (e.g. specific egg products or geographies) in which a 'book and claim' supply chain model would be more, or less, effective?

Specific products:

Specific geographies:

2e. What is currently preventing the adoption of a 'book and claim' supply chain for cage-free processed egg ingredients?

2f. What would need to happen in your region (geography) to develop a 'book and claim' supply chain for cage-free processed egg ingredients?

2g. How could GCAW help to develop a 'book and claim' supply chain for cage-free processed egg ingredients?

2h. How could companies communicate to consumers on cage-free processed egg ingredient supply chains based on a 'book and claim' model?

Companies could, for example, claim that their product "contributes to/supports the production of cage-free eggs" or could have an arrangement with the processor that a proportion of cage-free processed egg ingredients are included in the mix equivalent to that company's requirements, to enable the company to communicate on a 'dedicated' supply chain.

FURTHER FEEDBACK

3. Are there other potential solutions for facilitating the procurement of cage-free processed egg ingredients that you would like to propose for consideration? *Please describe how your suggestions could be implemented.*

4. Are there other comments you would like to add?