

Position Note: Cage-free Credits for Laying Hens

Many food companies have global commitments to source 100% cage-free eggs and/or egg ingredients by 2025. While they are making good progress towards achieving full compliance in markets like Europe and North America (see [Egg Track latest report](#) for more information), the implementation of their commitments is often slower in parts of the world where cage-free supply is still limited.

Cage-free credits

Cage-free credits function in a similar way to [RSPO palm oil credits](#): food businesses can purchase credits from certified cage-free egg producers to offset their current caged egg supply that they are struggling to transition to cage-free in emerging markets. A credit approach is designed to incentivize cage-free egg production in regions where cage-free egg availability is limited, geographically dispersed, or cost prohibitive, until the point where physical supply becomes viable.

In October 2020, [Global Food Partners](#) (GFP) and [Impact Alliance](#) partnered to launch a cage-free credit initiative, called [Impact Incentives](#), in order to accelerate the transition and provide financial incentives to cage-free egg production in Asia.

Our position on cage-free credits

Compassion considers a cage-free credit approach to incentivising a physical transition to cage-free production acceptable provided that:

- It is used only in **countries where physical cage-free supply is not currently available at scale**, e.g. some parts of Asia.
- Purchasing credits is a **temporary solution** to stimulate supply and support producers who would otherwise not be able to market their eggs as cage-free.
- The approach is associated with a timebound goal to develop a segregated supply chain for cage-free eggs/ egg products, so that companies **switch from cage-free credits to physical sourcing within 3 years at most**.
- Market data / intelligence affirms the credit approach is helping drive a shift to cage-free production.

Companies must work with their suppliers and support them in their cage-free transition as a priority, to build physical cage-free supply. Companies must also:

- Have a **public commitment to source 100% cage-free eggs/ egg products**.
- **Publicly report annually** on their progress towards their cage-free commitment, clearly stating the percentage of volume eggs / egg product from physical cage-free supply and percentage of volume equivalent from cage-free credits.

- Publish a **roadmap** to transition from cage-free credits to physical cage-free sourcing.

Companies can **communicate on supporting cage-free egg production for their volumes equivalent** via cage-free credits, but must not communicate on being 100% cage-free or having achieved their commitment to source 100% cage-free eggs/egg products. **Cage-free credits can temporarily incentivize cage-free egg production in some challenging markets, but are not enough to fulfil global cage-free commitments.**

A cage-free credit approach is not acceptable in regions of the world where physical cage-free egg sourcing is already possible at scale, including Europe and North America. Where market intelligence indicates that there is a risk of cage-free credits disincentivizing and/or slowing down progress towards building physical cage-free supply, cage-free credits will no longer be an acceptable solution for companies working towards their cage-free commitment.