



# **EXPANDING ACCESS TO CAGE-FREE EGGS**

## **SHIFTING PRODUCTION PRACTICES AND IMPLICATIONS FOR WIC**

# OVERVIEW

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1. Why the Shift to Cage-Free?
2. Retail Landscape
3. State of Legislation
4. Implications & Opportunities for WIC
5. Q&A

# COMPASSION in world farming

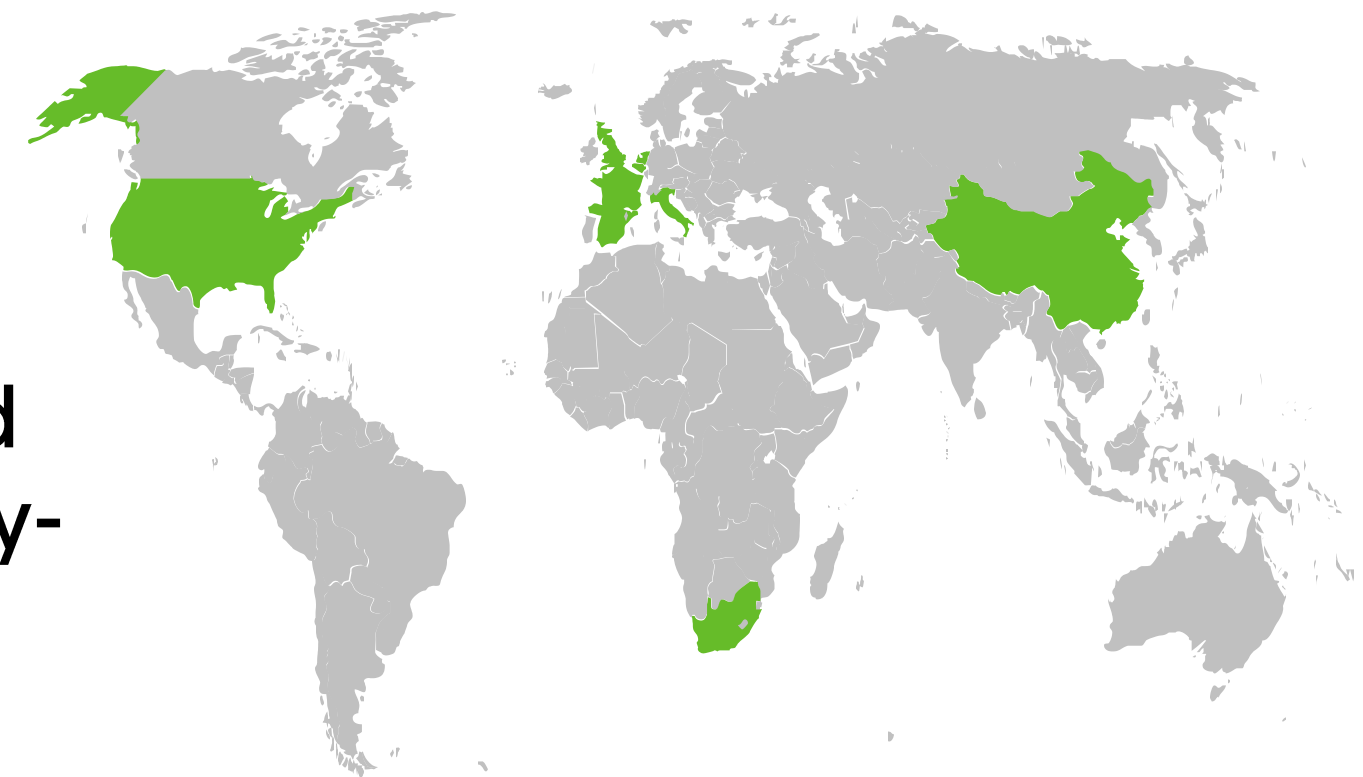


## VISION

Compassion USA is dedicated to ending factory farming and fostering a transition to a more humane, fair, and sustainable food and farming system. Our vision is a world where farm animals are treated with compassion, the planet is healthy and productive, and humans around the world have access to nutritious food.

## HIGHLIGHTS

- Founded in 1967 by Peter Roberts, a dairy farmer
- 140 employees across 8 countries, with global headquarters in United Kingdom
- Focus on solutions-oriented collaboration with food companies, producers, and farmers to drive industry-wide change
- Science-driven recommendations



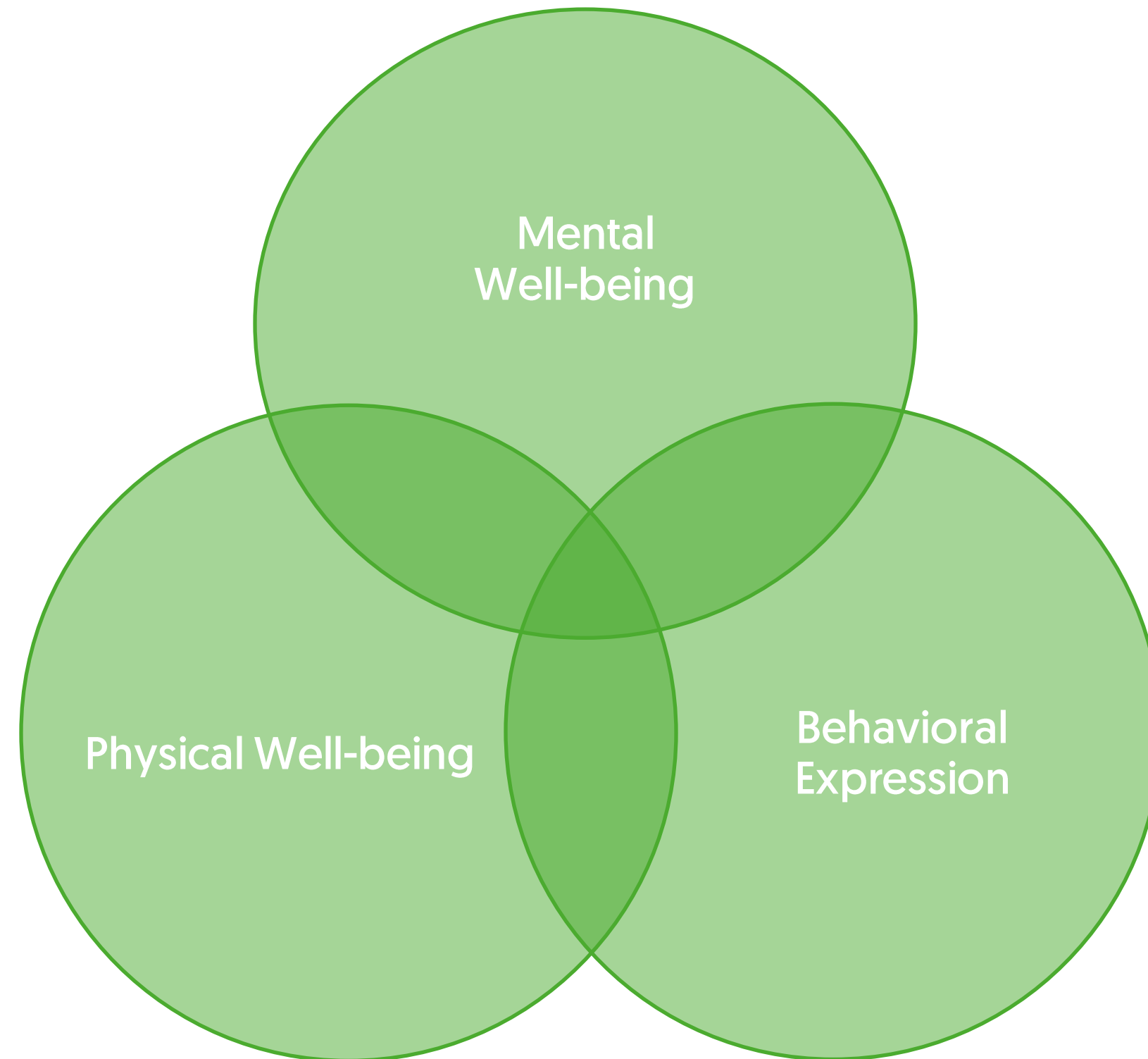


# 1. WHY THE SHIFT TO CAGE-FREE?





# ANIMAL WELFARE



# WHY ARE CAGES BAD?

- “Battery cages” = less than an iPad’s worth of space per hen
- Cages restrict freedom of movement and expression of highly-motivated natural behaviors
- Produce **poor health outcomes** from disuse, osteoporosis, and hemorrhagic fatty liver syndrome





# WHY IS CAGE-FREE BETTER?

- Cage-free systems represent a **baseline improvement** of animal welfare
- Indoor aviaries which provide **opportunities for exercise** and **enrichment**
- Typically, single or multi-level systems, not free-range or pasture-based
- Rebalanced quality of life





## 2. RETAILER LANDSCAPE





# THE CATALYST FOR CAGE-FREE



**89% of Americans are concerned about industrial animal agriculture**, citing animal welfare, worker safety, or public health risks as a concern.

2020, Lake Research Partners



**72% of those surveyed** who recently heard about animal welfare, worker safety, or public health issues related to industrial factory farming **reported seeking out alternatives to factory-farmed meat, eggs, and dairy** by buying, local, higher welfare, or less overall animal products.

2020, Lake Research Partners

- In 2015, consumer attention sharply focused on cage-free eggs
- Due to mass public pressure, over 230 companies committed to go cage-free by 2025 or sooner (500+ today)
- Companies across sectors are transitioning their supply chains
  - McDonald's reports 62% progress, Sprouts 98%, General Mills 52%

# CWFF's EggTrack Report

Annual report monitoring companies' progress toward 100% cage-free against their commitments and deadlines.

- Last year, 156 of 219 (71%) of tracked companies reported progress
- Average progress = 71.43% cage-free
- 12 U.S./NA companies met commitments last year alone
- 6th edition to be released late 2022





# RETAILER COMMITMENTS



# 3. STATE OF LEGISLATION





# CAGE-FREE LEGISLATION

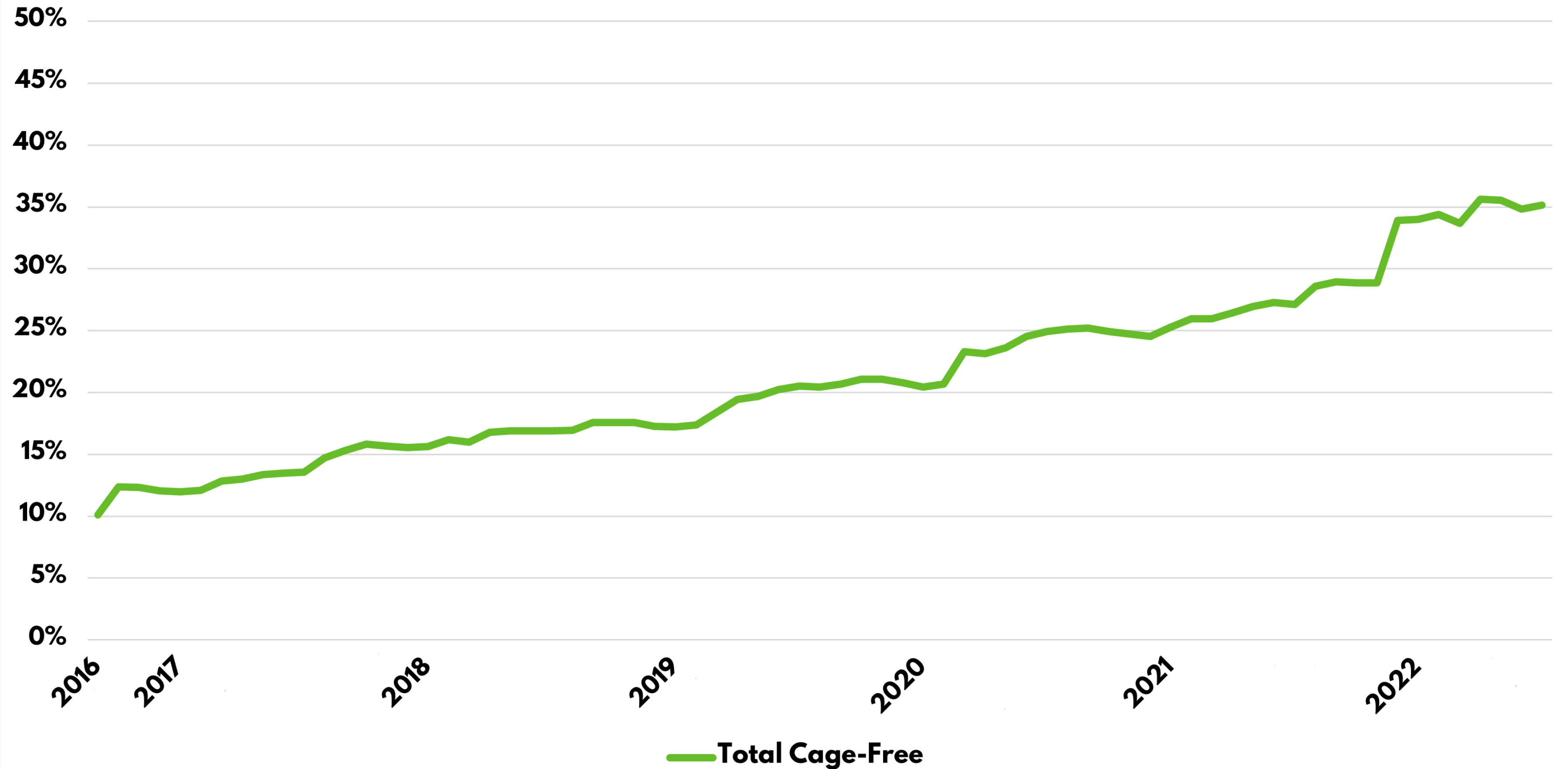


Ten states ban the **production** and **sale**\* of shell eggs from caged hens:

- MA - **2022**
- CA - **2022**
- CO - 2023
- MI - 2025
- NV - 2024
- OR - 2024
- RI\* - 2026
- UT - 2025
- WA - 2024
- AZ - 2025

\*RI only bans production

# Cage-Free Hen Population in the U.S. (Percent)



Source: USDA



## **4. IMPLICATIONS FOR WIC**



# COMPASSION BELIEVES:

All families, regardless of income, should be able to make food choices that align with their values. Economic status must not be a barrier to compassionate decision-making.







# Benefits



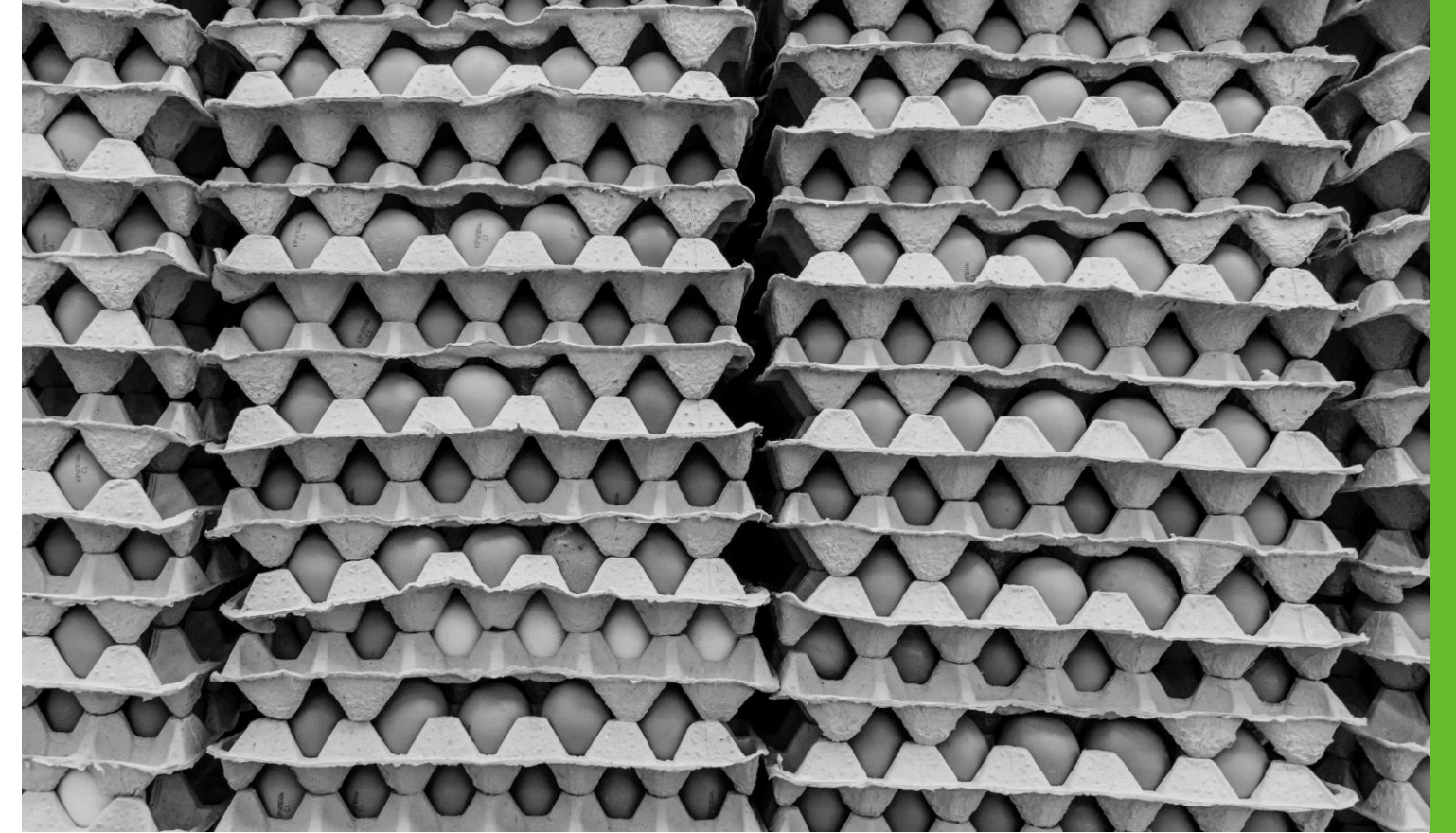
- Increased flexibility with market changes
- Increased participant satisfaction
- Easier shopping experience
- Increased redemption of benefits
- Additional point-of-purchase options
- Ability to support local farmers
- Improved vendor relationships

**=Better Retention Rates &  
Better Health**



# LEGISLATIVE COMPLIANCE

- AFLs must be updated at or ahead of the legislative date of effect to ensure continued access to eggs for WIC participants



## RETAILER CHALLENGES

- Retailers have commitments to sell 100% cage-free eggs by 2025
- Cannot flip the switch on supply overnight
- Publix – 57% of eggs are cage-free
- Kroger – 25% of eggs are cage-free
- Target – 50% of eggs are cage-free





# RETAILER PERSPECTIVES

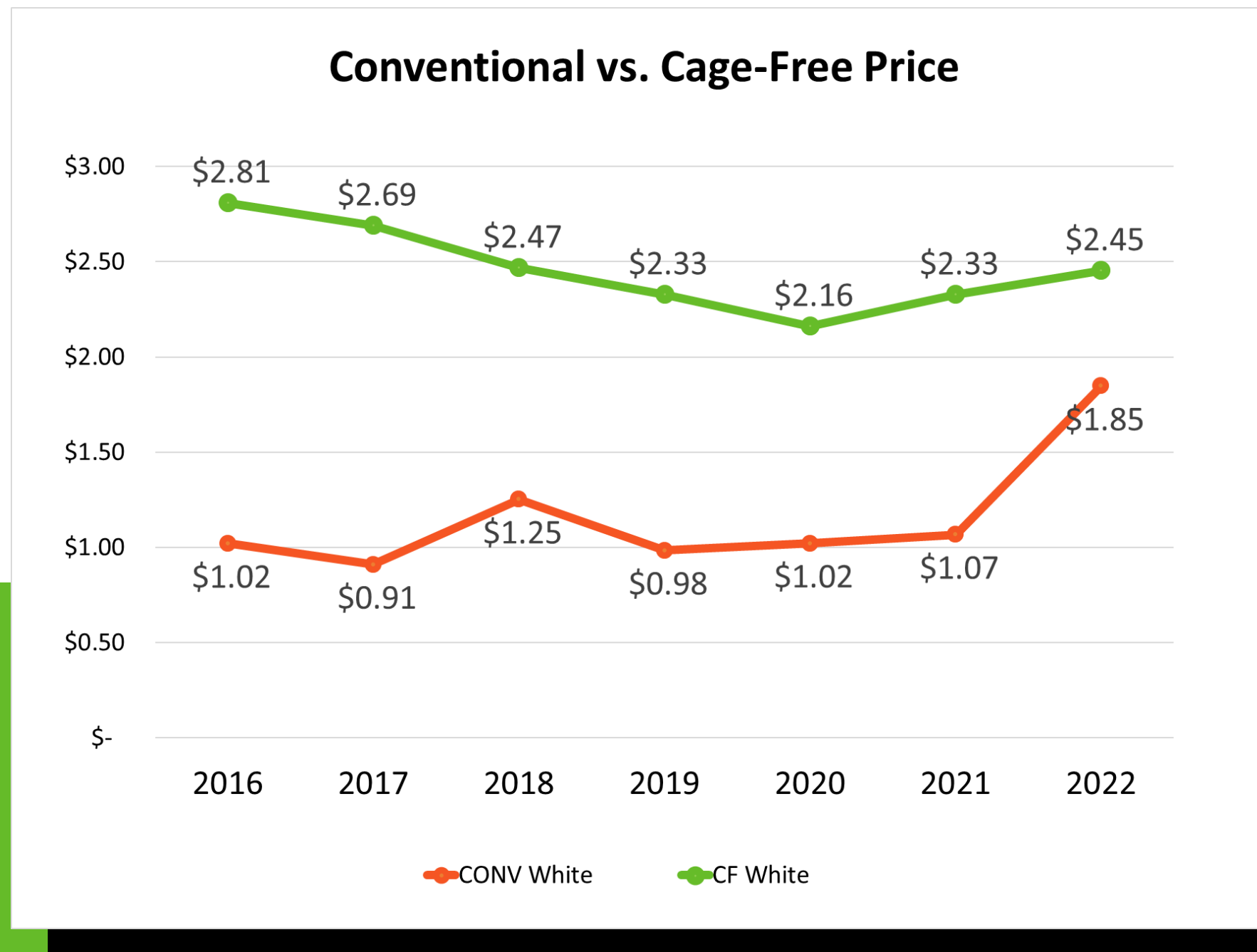


- Retailers like **Target** are actively building out plans with suppliers to make sure eggs will be compliant with upcoming legislation
- \*If WIC programs do not add cage-free eggs to their AFLs within the next 3 years, WIC participants will likely no longer be able to buy eggs at Target.
- WIC acceptance of cage-free eggs **ahead of those timelines** is ideal
- Disruptions: Covid, Avian flu, natural disasters—expanded allowance can put WIC and retailers in a less reactive position when supply chains are disrupted



# COST

Cost has historically been the primary barrier to AFL inclusion of cage-free eggs.



Source: USDA

- Cage-free price gap narrowing with scale
- No significant cost challenges reported by programs with cage-free
- "Specialty" perception decreasing as cage-free becomes the norm

# Case Study: Cal-Maine (largest U.S. egg producer)



## FY22

- Cage-free = 22% net sales (Specialty = 33% revenue, 34% volume)
- Q4 Specialty - \$2.015/dzn
- Q4 Conventional - \$2.098/dzn
- Investing \$165 million for cage-free conversion for 3.26 million hens by year-end 2025 = **940 million more CF eggs/yr**



"The Company maintains its specialty egg business focus as a key driver of growth. In line with expanding consumer demand and state requirements for cage-free eggs, the Company has continued to make significant investments in production capacity to position Cal-Maine Foods as an industry leader to supply the growing demand for specialty egg offerings, including cage-free eggs."  
- Cal-Maine (2022)



# Menu of Solutions

## 1. Add all specialty eggs to AFL

- a. Further amplifies benefits of associated with adding cage-free
- b. Maximizes ease of shopping experience
- c. Can enable access to more nutritious eggs

## 2. Add cage-free eggs explicitly to AFL

- a. Increases market flexibility, point of purchase options, satisfaction, etc.

## 3. Change AFL to “least cost option”

- a. Alternate option to alleviate cost-related concerns, but limits benefits

# Advice from your peers

- Obtain UPCs from neighboring programs & vendor contacts
- "I couldn't buy this!" app feature to capture any missed UPCs
- Conduct intermediate reviews
- Utilize unused food \$ to cover costs
- Use social media to spread the word
- Approve all specialty eggs
- Add explicit text allowing cage-free eggs to AFLs [our suggestion]

\*If you need more assistance, contact us.

## Case Study: Colorado WIC

- Unused food \$ -> increase access
- Expanding egg options was the most requested change in participant survey
- Sent requests for UPCs to vendors
- Added during intermediate AFL update in March 2021
- Most popular added food
- CO WIC shoppers can now buy any eggs on the shelf = **easy, positive experience**



# WRAP-UP:

1. Cage-free = higher welfare
2. Retailers & state laws going cage-free by 2025
3. Multiple benefits and opportunities from adding cage-free to AFLs
4. Replace prohibition on cage-free eggs with lowest-cost egg option



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