Factsheet

Healthy, sustainable diets.

Why it matters.

Eating a well-balanced, healthy, sustainable diet is one of the best ways we can look after our health and the health of the planet. Being a healthy weight reduces the risk of high blood pressure, heart and circulatory diseases, type two diabetes, and some cancers. Worldwide obesity has nearly tripled since 1975[1] and the UK ranks amongst the worst in Europe[2]. Studies have found that obesity is disproportionately affected by household income, especially with children[3]. Helping our customers eat more healthily is a key focus for our business and we believe that affordable, healthy, sustainably produced food should be accessible to everyone – whoever they are, wherever they live, whatever their budget.

Relevant UN Sustainable Development Goals (SDGs).

SDG 2 Zero Hunger is focused on ending hunger, achieving food security, improving nutrition and promoting sustainable agriculture. This goal, especially Target 2.4 in relation to ensuring a sustainable food production system, is closely linked with our healthy sustainable diets strategy which supports our ambition to halve the environmental impact of the average UK shopping basket.

SDG 3 Good Health and Wellbeing aims to ensure healthy lives and promote wellbeing for all at all ages. Our healthy sustainable diets strategy is focused on increasing the proportion of sales from healthy products as we strive to make Tesco the easiest place to shop for affordable, healthy, sustainable food.

SDG 17 Partnership for the Goals recognises the importance of collaboration. Our healthy sustainable diets strategy has been developed with the input, knowledge and expertise of our colleagues, suppliers and NGO partners and ongoing collaboration is critical to its success. Examples of this include our work with the British Nutrition Foundation, launching a report to identify ways to enjoy a healthier, more sustainable diet.

Highlights.

We have improved our health score, from 58%◊ to 60%◊ (UK and ROI) and maintained the baseline position of 49%◊ in Central Europe (CE).

Removed over 71bn calories from our own brand ranges since 2018 through reformulation.

We have embedded our Better Baskets campaign across our business to support our 'always-on' customer health plans.

[1] WHO
[2] NHS
[3] NCBI
◊ *Deloitte LLP was engaged to provide independent limited assurance over the selected health data. Further information on page 9*

Our approach.

In the current challenging economic environment, we remain committed to helping our customers enjoy a better-balanced diet and ensuring that cost is not a barrier to making healthy, sustainable choices.

We seek to make Tesco the easiest place to shop for affordable, healthy, sustainable food. Our role in this area has never been more critical. While health continues to be an important consideration for customers, financial concerns and uncertainty remains a real challenge, and there is a tension between the desire to spend less and reduce food waste at home with eating healthily.

Our strategic approach to healthy, sustainable diets is well established, seeking to make a better-balanced diet easy and enjoyable through actions including product reformulation, promotions, pricing, and expansions of our plant-based and healthier ranges. This is supported by ambitious medium-term commitments that we set out in spring 2021 (found on page 8). This year, we have continued to develop our work to deliver against our strategic ambitions and commitments, in a rapidly changing market environment, reflecting changes both in UK regulations, and in customer shopping behaviour across our markets in response to cost-of-living concerns.

At the time we set out our commitments, new laws in England restricting the locations and promotion of certain high fat, salt, sugar (HFSS) foods and drinks were scheduled to be introduced in April 2022. In the last year, the regulations have been partly implemented, with the prominent location of HFSS products restricted from October 2022. These changes involved months of cross-functional planning and execution across our business and substantial changes to the location of products within our stores. We believe the effective implementation of the changes can support customers to change their shopping habits in favour of healthier choices, as part of our wider strategic approach.

Cost-of-living concerns have seen customers make tangible changes to their shopping behaviours, such as switching product choices from branded to own brand, fresh to frozen, out of home to in home, and substituting products for better value alternatives. These changes continue to present both opportunities and challenges for our delivery on health.

Our customers have long told us they face challenges when it comes to selecting healthier options. In the current environment, where cost is ever more prominent as a consideration, our commitment to value is unwavering. It is vital that we continue to be agile in our approach as customers adapt their shopping behaviours, being led by customer insight, and learning and adapting our offer to reflect the fast-changing environment. Now more than ever, it is essential that customers can rely on Tesco to ensure price is not a barrier to eating healthily.

Removing barriers to help our customers make healthier, more sustainable choices

Our customers tell us that they can struggle with a number of barriers when it comes to making healthier choices, including price, visibility, time and accessibility. In the last year, we have seen concerns about the potential cost impacts of a healthier, more sustainable diet come to the fore. Our actions to support customers include:

- **Launching our 'Better Baskets' campaign in store and online in May 2022.** This new campaign included Clubcard Prices, point of sale information, press and social media coverage, and recipe ideas. We have since evolved the offering into an 'always on' presence, along with a further campaign in September to coincide with the return to school and work routines. We are pleased to see growing customer awareness and understanding of the proposition that aims to help them shop in a way that is better for them, their pocket and the planet.
- **Great prices, ensuring that healthy options** feature prominently within our market-leading combination of Aldi Price Match, Low Everyday Prices and Clubcard Prices.

- **Continued implementation of our established pricing approach** that a direct healthier equivalent of a product (for example, an alternative that is lower in salt / fat / sugar / calories) will not be more expensive than the equivalent standard product.
- **Running healthy promotions.** For example, our Pick of the Crop fruit and vegetables Clubcard Prices promotion is now available in over 1,300 Express stores, well above the target we had set for the year of 800 stores. This supports our Food Foundation Peas Please Pledge, to encourage customers to eat more vegetables. In Booker, the introduction of a new Fresh 4 deal this year has increased the volume of produce sales.
- **Targeted interventions in support of both cost and health.** Our Kids Eat Free offer in our cafes ran during the summer, autumn and winter half-term holidays. We ran a Clubcard promotion so that children could enjoy a nutritionally balanced meal for free with any adult full-price purchase, helping families at what can be a challenging time both for budgets and healthy eating habits.

Read more about our Better Baskets campaign here.

Providing healthier, more sustainable products without compromising on taste

Our long-running reformulation programme makes hundreds of our products healthier whenever we review them, by reducing calories, fat, sugar and salt and increasing fruit, vegetable and fibre content, without compromising on taste or enjoyment. Having already removed tens of billions of calories over the years, we continue to seek increasingly innovative ways to be able to further reformulate our products. In a challenging consumer environment, we are delighted to have driven strong reductions in sugar and salt and increases in fibre again this year, as shown in our Performance reporting on page 6; alongside sharing our expertise across our markets to deliver similar programmes in CE and Booker.

With the implementation of the HFSS location legislation in England this year, we have also seen an increasing focus on reformulation from many of our suppliers and we continue to work together strategically to deliver healthier branded products for our customers. Activities include:

- **Working closely with suppliers** to deliver our customer focused own brand product reformulation programme. We use our Clubcard data insight to target products which contribute the most calories to families' baskets. We make their recipes healthier without compromising on taste or quality.
- **Reducing calories and nutrients of concern,** such as saturated fat, salt or sugar. Examples include: removing 500m calories and over 100 tonnes saturated fat annually from our stone baked pizza range; removing 800m calories annually from our crispy potato slices.
- **We've also focused on making products compliant with the HFSS legislation** and can therefore be merchandised to customers across our stores. Brands have also reformulated for this purpose, for example Walkers Baked crisps, Dr. Oetker pizzas and Kellogg's cereal.
- **Increasing positive nutrients.** We have continued with our aim of increasing vegetable content in our ready meals, in support of one of our Peas Please Pledges. In 2022/23 we reformulated six further ready meals to contain 1 of 5 a day, including Hearty Food Company Cottage Pie and Classic Kitchen Braised Beef & Mash. We have also continued to improve the nutritional profile of our meat and dairy alternatives protein products, by fortifying fresh own brand meat alternative products with vitamin B12 and iron where possible. We have also added iodine to the vitamins and minerals with which we fortify our dairy alternatives.
- **Reformulation activity in CE** has been focused on products including jam, crisps and hams, reducing sugar, salt and fat. Salt has been reduced in 12 salami and frankfurters sausages by 15%.
- **Rebalancing protein** across our products to include more from plant-based sources. We've introduced more hybrids (minimum of 30% veg content) across Wicked Kitchen and Tesco Plant Chef lines. We've also increased the vegetable content of our core Italian ready meals range, including spaghetti bolognese and lasagne.

- **Healthy snacking.** We know customers find it especially difficult to make healthier choices when it comes to snacking. In November, we launched 17 new own brand healthy snacking products, including protein bites and flavoured nut mixes.

Encouraging customers to lead healthier lifestyles and make healthier, more sustainable choices

We want to inspire our customers to live a healthier, more sustainable lifestyle and give them the confidence to create healthy, nutritionally balanced meals that are both tasty and affordable. In the current environment, it is vital that we stay very close to what this means for our customers and give them the confidence to make changes and try healthier alternatives, without the worry that trying something new might result in wasted food and money. Initiatives include:

- **Fully implementing the HFSS location changes**, such that products high in fat, salt and sugar are no longer located in certain prominent areas within our stores. Alongside the regulatory changes, we have taken the opportunity to make further changes to our in-store layouts, creating our in-aisle Better Baskets zones, which bring together healthier options within a category and raise their prominence through point of sale, such as snacking options under 100 calories.
- **Raising the prominence of healthy choices at the front of store;** for example, in Republic of Ireland, 97 stores feature our 'Good to Go' front of store healthier snacking proposition of which 21 also now feature 'Fresh First' fruit and vegetables.
- **Supporting customer availability and choice.** In Booker, we have been pleased with the performance of healthy new lines, such as a mixed-fruit pack; and have changed the sourcing of retailers' fruit and vegetables lines to the Tesco supply base, providing a better quality product that gives retailers confidence to list the lines and so offer customers a healthier proposition. In CE, we have increased the range of calorie controlled ready meals.
- **Developing our ranges of plant-based alternatives.** In CE, where our ranges are less mature, we have continued to launch new lines this year, taking our Plant Chef range to over 60 lines. In the UK, we have been responding to customer insight to refine our ranges and ensure we're offering the most appealing products without duplication or complexity, for example, we've relaunched our dairy alternative ranges. We've also launched a great value Wicked Kitchen meal deal for £8, including Cheeky Cauliflower Tikka and Eggy Style Tofu Rice.
- **Providing clear nutrition information**, through adoption of front of pack multiple traffic lights, and through transitioning over 550 lines in Booker to the Jacks brand, with all of the products carrying front of pack nutritional labelling to help customers make informed choices. Similarly, the Erudus portal enables Booker's catering customers to access ingredients lists and nutritional information, supporting them with calorie labelling requirements for customers. All of our own brand data is available on the portal and over 75% of suppliers have registered since its launch in September 2021.
- **Supporting specific dietary needs,** such as through our 'Free from' range, for which we won Free From Retailer of the Year for the 6th time in 7 years; and our work with Natasha Allergy Research Foundation to raise both awareness and funds.
- **As part of our wider work on health**, we have further developed our health charity partnerships by supporting our customers to manage their risk of Type 2 diabetes and their overall heart health. This year, we expanded our work by developing affordable recipes, approved by the charities, available for free on Tesco Real Food.

Memberships and partnerships.

At Tesco, we are proud to work with a wide range of partners who share our ambition to make a positive contribution to the communities we serve, helping our customers enjoy a better-balanced diet and to live healthier lives.

We are committed to working with a wide range of charitable organisations, and other stakeholders, to help make a real difference together.

Diabetes UK

In November 2022, we teamed up with Diabetes UK to drive a million people to better understand their individual risk of type 2 diabetes by using Diabetes UK's free online 'Know Your Risk' tool, or by visiting their local Tesco pharmacy. This campaign was also supported by a range of budget friendly recipes developed with the charity and our in-house nutritionist.

British Heart Foundation

During February Heart Month 2023, we were proud to partner with the British Heart Foundation on a new campaign inspiring customers to get a free blood pressure check at their local Tesco Pharmacy. Building on the success of our diabetes campaign, we also developed heart friendly recipes for customers, supported with offers in store and online.

Bite Back 2030

We have worked with Bite Back 2030 since 2021 and were a founding partner for their Accelerator Programme which launched in May 2022.

British Nutrition Foundation

During June, Tesco supported the BNF's 10th anniversary of their Healthy Eating Week as a lead sponsor, enhanced by local activations in disadvantaged schools through our community champions.

Jamie Oliver affordable recipes

As part of our ongoing flagship Better Baskets Healthy and Sustainable Diets campaign work, we have featured affordable recipes developed by Jamie Oliver and endorsed by the WWF for their sustainability credentials.

Awards and benchmarks.

FAIRR

The FAIRR Initiative is a collaborative investor network which works with institutional investors to define and address the material ESG issues linked to protein supply chains. FAIRR last produced a ranking of food companies in its report, 'Appetite for Disruption: The Last Serving' in October 2021, in which Tesco achieved 'Pioneer' status with a score of 86/100 and was the best performing retailer.

Access to Nutrition Initiative UK Retailer Index

Our approach to supporting customers to lead healthier lives with our healthy sustainable diets strategy was recognised in the 2022 ATNI UK Retailer Index where we ranked 1st retailer. Tesco was commended for our clear focus on nutrition and our strong reporting framework.

Retailer of the year at Free From Food Awards

Winner of this award for the 6th time in 7 years.

Performance.

Commitment	KPIs	2018/19	2019/20	2020/21	2021/22	2022/23
To help customers eat more healthily by increasing the proportion of sales of healthy food	'Percentage of volume sales from products with a 'healthy' NPM[b] score as a proportion of total volume of food sales for UK and ROI	N/A	58%	N/A[a]	58%	60% [c] ◊
To help customers eat more healthily by increasing the proportion of sales of healthy food	Percentage of volume sales from products with a 'healthy' health score as a proportion of total volume of food sales for Central Europe	N/A – New KPI and baseline introduced in 2021/22			Baseline = 49%	49%[d] ◊
To make products healthier through reformulation	Percentage point change in volume of key nutrients for Tesco UK own brand products below/above own brand volume growth (vs 2015 baseline)	Sugar: 3.6pps below Salt: 2.2pps below Fibre: 10.8pps above	Sugar: 7.1pps below Salt: 4.3pps below Fibre: 8.7pps above	Sugar: 7.8pps below Salt: 0.1pps below Fibre: 14.8pps above	Sugar: 9.3pps below Salt: 6.1pps below Fibre: 11.4pps above	Sugar: 9.2pps below Salt: 14.8pps below Fibre: 13.4pps above [e]
Encouraging customers to eat more sustainably by increasing sales of plant-based meat alternatives by 300% by 2025	Percentage growth in plant-based meat alternatives in the UK (vs 2018 baseline) [f]	N/A	N/A	96%	130%	119%

◊ Deloitte LLP was engaged to provide independent limited assurance over the selected health data. Further information on page 9.

(a) We did not report the proportion of sales in UK and ROI from products with a 'healthy' health score in 2020/21 due to COVID-19 impacts disrupting normal shopping behaviour.

(b) NPM: UK Government's 2004/5 Nutrient Profiling Model.

(c) Of the 2% point YoY improvement in percentage healthy sales, 58% is driven by underlying improvements and the remaining 42% relate to methodology changes, in order to align our score methodology more closely with the UK Government NPM model.

The underlying improvements have been driven primarily by reformulation, healthier promotions and shifting demand, but partly offset by challenges arising in the current inflationary environment, particularly customers buying less fresh fruit and vegetables.

The methodology changes have arisen as we have aligned more closely with the NPM. Due to our early adoption of health scoring - publishing our commitments and prior year reporting ahead of the implementation of the HFSS legislation, there was previously no requirement for suppliers to share with us the NPM scores for branded products. As such, we previously applied two simplifications in our methodology calculation, in order to apply a consistent approach across both branded and own brand products: (a) not including the benefit of fruit, vegetables and nuts as part of composite products; and (b) not including in scope certain products for which on-pack nutritional information is not a requirement (such as bottled water or herbs and spices).

With the implementation of the HFSS legislation, our suppliers are now consistently providing us with this data and so we have been able to better align our methodology with the NPM, thus the changes have been applied prospectively. Please see the Methodology section on page 8 for further detail.

(d) We established a 49% baseline in 2022 of volume sales coming from 'healthy' products as defined by the Tesco Health Score. In the same year, we saw customers reduce the volume of fresh food purchases, largely driven by cost-of-living pressures which are particularly acute

in CE. The absence of important market levers from legislation also means establishing health improvements are more challenging to implement. With this backdrop, we have maintained our health position through reformulation completed in CE in product lines including increased % of fruit and vegetables where required. Looking ahead, we are continuing to monitor the current inflationary environment for customers.

(e) We continued to perform strongly on our KPI for volume change of key nutrients (sugar, salt, fibre) compared to Own Brand volume growth. Sugar and salt volume tracked 9.2pps below and 14.8pps below own brand volume growth respectively, driven by customer shopping behaviour alongside our reformulation activity. Key categories driving the changes include; squash, cakes, pastries & yogurt (sugar) and table salt, cooked meat and frozen fish (salt). Fibre was 13.4pps above Own Brand volume growth, driven by vegetables, bread and breakfast cereal.

(f) Protein. Tesco continues to be the market leader for plant-based, however the total plant based market has declined year on year. We know customers have faced challenges associated with the cost-of-living crisis, and there is evidence they've resorted to established, affordable options when it comes to family mealtimes. We're working hard to ensure all our plant-based ranges remain accessible for all our customers. We also know our customers' tastes continue to develop when it comes to plant-based options. This has led us to introduce more 'veg-led' options in our range, which inspire and makes it easy for customers to incorporate more vegetables into their diets. Our commitment on plant-based sales continues to inspire our development teams and our suppliers to develop more plant-based options for customers.

Protein disclosure.

In line with the UK Eatwell guide, which recommends a balance of protein sources that includes more plants, we have committed to reporting the sales of plant-based proteins as a percentage of overall protein sales every year to track progress. In 2021, we were the first retailer to share this information publicly. Our methodology has been recommended as gold standard for the retail sector by WWF in their protein disclosure industry guidance.

	Protein type	2020/21	2021/22	2022/23
Proportion of protein sales for food and soft drink product categories in the UK	Plant	12%	12%	11%
	Fish	7%	7%	7%
	Meat and egg	81%	81%	82%

	Protein type	2020/21	2021/22	2022/23
Tesco dairy category sales for food and soft drink products in the UK	Dairy	95%	95%	93%
	Dairy alternatives	5%	5%	7%

The proportion of our protein split from plants has stepped back by 1% point vs 2021/22. This is due to two main reasons; firstly a decline in the total plant based meat alternatives market, secondly, as customers feel the impact of the rising cost-of-living, they are switching back into meat products and recipes.

Increase in proportion of dairy alternatives has been driven by a long term macro-trend where customers are buying less dairy milk through both switching into alternatives and cutting down. Dairy alternative category growth has also contributed to the increase.

Some customers are also switching out of butter into sunflower/plant spreads due to inflation.

Looking ahead.

We continue to be driven by our healthy sustainable diets strategy, with the aim of making Tesco the easiest place for customers to shop for affordable, healthy, sustainable food. In the current climate, we continue to focus particularly on ensuring that cost is not a barrier for customers in making healthy choices, and staying very close to customer sentiment, as customer shopping behaviours change and we adapt and learn from the customer response to the introduction of HFSS legislation this year. As always, we will combine customer insight with commercial considerations, our internal nutritional expertise and external best practice, as we continue to evolve our approach in this key area.

Commitments and targets

- Increasing sales of healthy products, as a proportion of total sales, to 65% by 2025 in UK and ROI and to 53% in CE by 2027.
- Increasing sales of plant-based meat alternatives by 300% by 2025 in UK and ROI and CE.
- Making products healthier through reformulation in UK and ROI, CE and Booker.
- Offering Booker business customers a range of plant-based products.
- Continuing the roll out of front of pack nutritional information on Booker's retail products and setting up an online portal that provides a recipe management, allergy & nutritional tool for our business caterers.

Methodologies.

Percentage of volume sales from products with a 'healthy' NPM Score

In line with the implementation of the regulation to restrict HFSS (high fat, sugar and salt) product placement and price promotion, our definition of a 'healthy' product has been updated in 2022/23 to be in accordance with the UK Government's 2004/5 Nutrient Profiling Model (NPM) wherever possible. This applies to branded and own brand products. Previously, the Tesco health score was used, which was broadly based on the NPM, but applied a conversion factor and did not include the benefit for the fruit, vegetables and nut content of composite products.

Suppliers of products in scope of the legislation and new product development must calculate the NPM scores, which include fruit, vegetable and nut content, and share with Tesco via external platforms. For remaining products, Tesco calculates the NPM score. For the Tesco calculated scores, the fruit, vegetables and nut content continues to be excluded for composite products, however we are working to include this for our own brand ranges. For CE, the Tesco calculated score is used for all products in scope of the commitment.

The HFSS regulation has also enabled data to be captured for more product areas, including water, tea & coffee and herbs & spices, this has driven an increase of less than 1% in our score.

Further information can be found in our UK and CE healthy sales KPI methodology documents. The data covers all retail food and soft drink categories in our UK and ROI business (excluding Booker and subsidiaries such as One Stop) and CE. The following product categories are excluded: Household, Pet Care, Health and Wellness, Baby, Beauty and Beers, Wines and Spirits.

Percentage point change in volume of key nutrients for Tesco own brand products below/above own brand volume growth (vs 2015 baseline)

Reformulation is a key part of our heath and sustainable diets plan, making products healthier by reducing nutrients of concern (calories, fat, saturated fat, sugar and salt) and/or increasing positive nutrients and ingredients (fibre, plant-based protein, fruit and vegetables). At Tesco, we do not compromise on taste or quality when reformulating our products.

The sales weighted average growth in key nutrient level is compared to the total sales volume growth for Tesco food and drinks to calculate the percentage point change. The data covers all retail food and soft drink categories in our UK and ROI business (excluding Booker and subsidiaries such as One Stop). The following product categories are excluded: Household, Pet Care, Health and Wellness, Baby, Beauty and Beers, Wines and Spirits.

Percentage growth in plant-based meat alternatives (vs 2018 baseline) in the UK and ROI

Plant-based meat alternatives are defined as meat alternatives in Frozen and Chilled Prepared food, including ready meals and lunch pots. This data covers products in our UK and ROI business (excluding Booker and One Stop).

Protein disclosure

Data on dairy and non-dairy protein is currently collated differently and we apply different methodologies:

- For dairy, the data is calculated on sales volume (tonnes) of Tesco UK Dairy category products only (branded and own brand). Product weights have been combined for a total sum; for example, 1kg of milk is equivalent to 1kg of cheese.
- For non-dairy protein, the figure is calculated at ingredient level, where the volume of protein in a product is multiplied by sales volume (tonnes) for own brand food and drink product categories, including whole protein products as well as the protein ingredient element of a composite product (see definitions).

Results for these KPI's are rounded, using standard calculation practices.

Definitions:

- **Plant:** refers to protein ingredients from plant-based sources, including beans, lentils, mycoprotein, soya etc. Also includes the plant protein ingredients in a composite product, e.g. chickpeas in houmous.
- **Fish:** refers to protein ingredients from fish and shellfish, including whole fish, fish portions, mussels, salmon, prawns etc. Also includes the fish protein ingredients in a composite product, e.g. cod in fish fingers.
- **Meat and egg:** refer to protein ingredients from meat and egg sources, including pork, beef, chicken etc. Also includes meat and egg protein ingredients in composite products, e.g. pork in a sausage, egg in a quiche.

Assurance.

Deloitte LLP was engaged to provide independent limited assurance over the selected health data highlighted in this report with a ◊ using the assurance standard ISAE 3000. Deloitte has issued an unqualified opinion over the selected data. Deloitte's full assurance statement is available at: Reporting hub (tescoplc.com)

Read more about our approach

More information

Healthier diets and Plant-based food innovations

Methodologies and assurance

Deloitte assurance statement

Healthy diets UK and ROI methodology

Healthy diets CE methodology

Reports

A balanced diet for a better future report

Policies

Age Restricted Products policy

Responsible Marketing policy