

# Healthy Diets – UK and ROI.

This methodology document covers the following commitment areas and KPIs (Key Performance Indicators):

Commitment	KPIs
To help UK&ROI customers eat more healthily by increasing the proportion of sales of healthy products to 65% by 2025.	Percentage of volume sales from products with a 'healthy' NPM score in UK&ROI.

## Definitions

The methodology outlined below is used to calculate the percentage of volume sales from products with a 'healthy' NPM<sup>1</sup> score (NPM: Nutrient Profiling Model, as defined by the UK Government) . Scores can be submitted by suppliers, or calculated by Tesco (details in [Healthy Product Definition](#) section).

As part of our updated healthy, sustainable diets strategy we announced new commitments in 2021 including helping customers eat more healthily by increasing the sales of healthy products, as a proportion of total sales, to 65% by 2025.

## Timeframe

Timeframe for annual report: Tesco financial year.

This methodology came into effect for the 2022/23 Tesco financial year. The methodology has been updated from using the Tesco calculated health score for all products, to the methodology described in this document, following the introduction of the Food (Promotion and Placement) (England) Regulations from 1 October 2022 (please refer to the [“Estimates and Assumptions used in the KPI Calculation”](#) section for additional information).

## Scope

The scope of this data covers food waste arising from our distribution centres and stores in the following areas:

Markets	Country
UK&ROI - all retail food and drink products categories for branded and own brand products	UK, ROI

### *Scope Exclusions*

Tesco subsidiaries are not currently included within the scope of reporting i.e. Booker, One Stop.

Product categories excluded: household, pet care, health and wellness, baby, beauty, beers, wines and spirits, due to the nature of the products in these categories.

### *Healthy Product Definition*

The UK Government's 2004/2005 Nutrient Profiling Model (NPM) is used to define whether a product is 'healthy' or not. This model is widely used across the industry to measure health in foods and drinks, including in the UK Government's October 2022 HFSS (high fat, sugar and salt) [Food \(Promotion & Placement\) \(England\) Regulation](#).

Suppliers must provide NPM scores for all products in scope of the HFSS Regulation restrictions and for new products. They must calculate NPM scores according to guidance provided by the Government<sup>1</sup>. These scores are then shared with Tesco via external platforms, Brandbank or GS1. Suppliers of products which are not in scope of the regulation may voluntarily calculate scores and share data this way.

Tesco calculate the NPM score for a product where the supplier has not provided data, e.g. if the product is not in scope of the HFSS restrictions.

The Tesco calculated NPM score is determined by offsetting points for nutrients of concern (energy, saturated fat, sugar and salt), known in the model as 'A points' against points for positive nutrients and ingredients (fibre, protein and fruit, vegetable and nuts), 'C points'.

The Tesco calculated NPM score awards the C point benefit for whole fruits, vegetables and nuts (e.g. a bag of apples or almonds, 100% dried fruit and fruit juices). However, no benefit is awarded for the fruit, vegetable and nut content of composite products (e.g. ready meals, sandwiches, soups) as we do not hold recipe information for branded products.

For both supplier submitted NPM scores and Tesco calculated NPM scores, a food is considered 'healthy' if it scores 3 points or less. A drink is considered 'healthy' if it scores 0 points or less.

Below is a worked example of where Tesco calculate the NPM score for the product:

**Wheat Biscuits Product Example:**

1. Calculate 'A points' and 'C points':

A points				
	Energy (kJ)	Sat Fat (g)	Sugar (g)	Salt (g)
Per 100g	1514	0.6	4.4	0.01
Points	5	0	0	0


C points			
	Fibre (g)	Protein (g)	Fruit, Veg, Nut (g)
Per 100g	10	12	-
Points	5	5	0

2. Subtract 'C points' from 'A points':

5 (A points) - 10 (C points) = -5 (NPM score)

A points and C points calculated as per point methodology - see Appendix 1 for more detail



Nutrition	
Typical Values	Per 100g
Energy	1514kJ / 358kcal
Fat	2.0g
Saturates	0.6g
Carbohydrate	68.0g
Sugars	4.4g
Fibre	10.0g
Protein	12.0g
Salt	<0.01g
Thiamin (Vitamin B1)	0.94mg
Riboflavin (Vitamin B2)	1.20mg
Niacin	14.0mg
Folic Acid	170µg
Iron	12.0mg

## Data sources

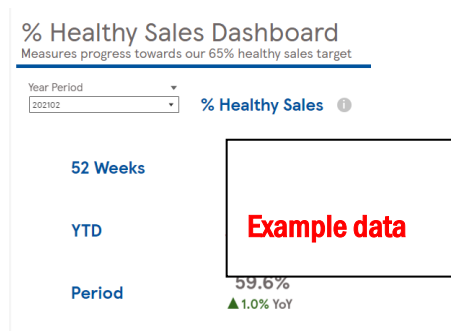
There are two data sources for NPM scores:

- Scores may be calculated by suppliers and provided to Tesco via external platforms, GS1 or Brandbank.
- For products where a score hasn't been calculated by the supplier, the NPM score is calculated by Tesco in our product portfolio management service, which includes the nutrition information provided for both branded and own brand products.
  - Branded data is sourced from Brand Bank, where suppliers are responsible for uploading and maintaining a product's nutrition information.

- Own brand nutrition data is sourced from Tesco Quality Connect (TQC), our product specification system. Own brand suppliers must comply with the Tesco own brand nutrition verification policy to ensure all nutrition information provided is up to date and correct.

Unit sales volume data is held in our data warehouse and is derived from checkout transactions.

All data is input into a purpose-built dashboard -Hadoop- (see screen shots below), which is used to report on progress both internally and externally for the 65% healthy sales commitment.



## Methodology

Using the NPM scores calculated for each product, unit volume sales are overlaid onto the scores, to determine the number of (and thus percentage of) sales from healthy vs. unhealthy products.

$$\begin{aligned}
 & (\text{healthy product A} * \text{units sold of product A}) \\
 & \quad + \\
 & (\text{healthy product B} * \text{units sold of product B}) \\
 & \quad + \\
 & \quad (\text{etc.}) \\
 \hline
 & \text{Total healthy + unhealthy units}
 \end{aligned}$$

The KPI is measured at a barcode level. Therefore, if a product's score changes during the reporting year, e.g. increases to become healthy if previously unhealthy, the unit volume associated with each different NPM score is factored in and identified by a change in barcode.

### *Estimates and Assumptions Used In the KPI Calculation*

#### **Product Categories**

As explained in the scope section above, the following categories are excluded in the KPI calculation: household, pet care, health and wellness, baby, beauty, beers, wines and spirits. We assume that by their nature, all products within these categories are outside of the scope of this KPI.

#### **Tesco Calculated NPM Scores**

As explained in the healthy product definition above, when calculating the Tesco calculated NPM score, composite products are assumed to score 0 'C points' for fruit, vegetable and nut content.

### *Methodology change*

Since 2021/22, the methodology for this KPI has been updated from using the Tesco calculated health score for all products, to the methodology described in this document, following the introduction of the Food (Promotion and

Placement) (England) Regulations from 1 October 2022. Of the improvement in KPI performance demonstrated this year, 0.65% points is driven by this methodology change.

Implementation of the Food (Promotion and Placement) (England) Regulations has improved the data feeds we receive from suppliers. This in turn has enabled us to widen the scope of products considered as healthy to include;

- Water/tea/coffee and herbs & spices which has an impact of 0.4% and
- Fruit/vegetable/nuts within composite products with an impact of 0.25% (branded products only will be considered for 22/23 with own-brand products to be included in 23/24).

There is no plan to adjust the 65% target previously set, nor to adjust our base.

## Reporting against our target

Reporting is carried out annually using the data held in the dashboard. This data is refreshed at the end of each Tesco period.

For the 'Percentage of volume sales from products with a 'healthy' NPM score KPI', data is captured for the 52 weeks ending P12 2023 inclusive (Feb 2023).

## Assurance

Deloitte LLP was engaged to provide independent limited assurance over selected healthy sustainable diets data highlighted with  $\diamond$  in our yearend publications using the assurance standard ISAE (UK) 3000 and 3410. Deloitte's full assurance statement is available at: [Reporting hub \(tescoplc.com\)](https://tescoplc.com/reporting-hub)

## References

<sup>1</sup> [DHSC Nutrient Profiling Model](#)

## Appendix 1

### Calculating A points

A maximum of ten points can be awarded for each nutrient.

Total 'A' points = (points for energy) + (points for saturated fat) + (points for sugars) + (points for sodium)

The following table indicates the points scored, depending on the amount of each nutrient in 100g of the food or drink:

Points	Energy (kJ)	Sat fat (g)	Total sugar (g)	Sodium (mg)
0	≤335	≤1	≤4.5	≤90
1	>335	>1	>4.5	>90
2	>670	>2	>9	>180
3	>1005	>3	>13.5	>270
4	>1340	>4	>18	>360
5	>1670	>5	>22.5	>450
6	>2010	>6	>27	>540
7	>2345	>7	>31	>630
8	>2680	>8	>36	>720
9	>3015	>9	>40	>810
10	>3350	>10	>45	>900

If a food or drink scores 11 or more A points, then it cannot score points for protein.

Salt is converted to sodium to calculate A points (divide by 2.5 then multiply by 1000).

### Calculating C points

A maximum of five points can be awarded for each nutrient/food component.

Total 'C' points = (points for % fruit, vegetable & nut content) + (points for fibre [either NSP or AOAC]\*) + (points for protein)

*\*The Tesco NPM score calculation uses AOAC -Association of Analytical Chemists- values for this measure.*

The following table indicates the points scored, depending on the amount of each nutrient/food component in 100g of the food or drink:

Points	NSP Fibre (g)	AOAC Fibre (g)	Protein	Fruit veg. nut content	Fruit veg. nut (Tesco)
0	≤0.7	≤0.9	≤1.6	≤40%	-
1	>0.7	>0.9	>1.6	>40%	-
2	>1.4	>1.9	>3.2	>60%	-
3	>2.1	>2.8	>4.8	-	-
4	>2.8	>3.7	>6.4	-	-

5	>3.5	>4.7	>8.0	>80%	Specific products**
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*\*\*see healthy product definition section*