

# Healthy Diets – CE.

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

| Commitment  | KPIs   |
|---|--|
| To help customers in Central Europe (Slovakia, Hungary, Czech Republic) eat more healthily by increasing the proportion of sales of healthy products to 53% by end of 2027 <sup>1</sup> . | Percentage of volume sales from products with a 'healthy' health score as a proportion of total volume of food sales for Central Europe. |

## Definitions

### Tesco Health Score

The Tesco Health Score is used to define whether a product is healthy or not - based on its nutritional composition. The Tesco Health Score is based on the UK Government's Nutrient Profile Model (NPM)<sup>2</sup>. This methodology has been adapted for Central Europe (CE), based on the KPI developed by the Tesco UK team.

The NPM model identifies foods high in fat, salt or sugar (HFSS), while recognising the contribution of protein, fibre and fruit and vegetable ingredients and nutrients. The score is calculated by totalling the nutritional points provided by energy, saturated fat, sugar and salt (known in the model as 'A points') and deducting the nutritional points provided by fruit and vegetable content, fibre and protein ('C points'). [Appendix 1](#) shows how these points are allocated.

To calculate the Tesco Health Score, a conversion factor ( $-2 * x + 70$ ) is applied to the score so that the number falls on a positive scale of 1-100, where the higher the number, the healthier the product.

In the health score, the fruit, vegetable and nut content is only considered for whole fruits, vegetables or nuts (e.g. carrots, fresh orange juice, almonds or frozen peas), which are allocated the 5-point benefit. However, fruit, vegetable and nut content is not considered for benefit in the composite products (e.g. ready meals, sandwiches, soups) as we do not hold recipe information for branded products.

Both Supplier Branded and Tesco Own Brand products are defined as healthy where a food scores 63 and above, or a drink scores 69 and above.

Full calculation of the Product Health Score (PHS) for one product, as an illustrative example, is available in [Appendix 2](#).

### Product categories

<sup>1</sup> The baseline year is Tesco's financial year 2021/22 (March 2021-February 2022) with baseline data being 49,02% of healthy sales in Central Europe.

<sup>2</sup> DHSC Nutrient Profiling Model - The model was developed by Oxford University in the UK on behalf of the Food Standards Agency with the aim to profile products based on their nutrition and composition.

This model has been adopted wherever possible in the UK following the introduction of the Food (Promotion and Placement) (England) Regulations from 1 October 2022. The regulation is not applicable in CE and thus NPM data is not calculated by and provided by suppliers. Therefore we will continue to disclose our KPI calculated using the Tesco Health Score model. As previously described, the Tesco Health Score -used in CE- is based on the UK NPM model, but does not capture fruit, vegetable or nut content in composite products.

The Tesco Health Score is calculated for all products in food and drink categories which have nutrition information provided for them.

There are some category areas which are excluded from the % healthy sales KPI due to the nature of the products within them: household, pet care, health and wellness, baby, beauty, beers, wine and spirits.

## Data sources

There are 2 key data sources used to obtain nutrient details to calculate the score. Own-branded product details are sourced from Tesco Connect Quality (TQC), our specification system.

Details for branded products are sourced from Nielsen BrandBank Product library, where suppliers are responsible for uploading and maintaining a product's nutrition information.

The Tesco Health Score and other KPIs are calculated in a tool called CE Tableau (purpose-built CE Health Dashboard) which combines nutrition information sourced as above described, with unit sales volume data. Sales volume data is sourced from our data warehouse and is derived from till transactions. All data is flowed into the above mentioned dashboard, which is used to report on progress both internally and externally.

## 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.

### Fruit and Vegetable content

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.

## Reporting against our target

Reporting is planned to be on annual basis, using the data held in the CE Health Dashboard. This data is refreshed at the end of each Tesco period.

The first annual reporting in Central Europe is planned to be completed after the end of period 12 in financial year 2022/23 (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: <https://www.tescopl.com/reporting-hub?activeTab=reports>

## 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.

### 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 on-starch polysaccharides (NSP) or Association of Analytical Chemists (AOAC) fibre]) + (points for protein).

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

| Points | Fibre | Protein | Fruit veg nut |
|--------|-------|---------|---------------|
| 0      | ≤0.9  | ≤1.6    | *             |
| 1      | >0.9  | >1.6    |               |
| 2      | >1.9  | >3.2    |               |
| 3      | >2.8  | >4.8    |               |
| 4      | >3.7  | >6.4    |               |
| 5      | >4.7  | >8.0    |               |

*\* Products get full score on Fruit, veg, nut in case SKU is listed within defined produce category product hierarchy, otherwise it gets 0.*

## APPENDIX 2

Exemplary calculation of Tesco Product Health Score

| Product Description                             | Energy | Fibre | Protein | Salt | Saturates | Sugars | Fruit, veg, nuts |
|---|--------|-------|---------|------|-----------|--------|------------------|
| TS Grilled Chicken Fillet with Vegetables 400 g | 316    | 2.1   | 8.2     | 0.58 | 0.3       | 1.3    | No               |
| A points  | 0      |       |         | 2    | 0         | 0      |                  |
| C points  |        | 2     | 5       |      |           |        |                  |

Conversion:  $-2 \times -5 + 70 = 10 + 70 \Rightarrow$  The Tesco Product Health score = **80**  $\Rightarrow$  **Healthy**