GAMES CONSOLES VOLUNTARY AGREEMENT (GCVA)

FOURTH UK STEERING COMMITTEE MEETING

23 January 2024 17:00-18:00 CET (16:00-17:00 GMT) Online meeting







PARTICIPANTS

DESNZ (formerly BEIS) 1. Anum Kazmi

2. Margaret Sutherland

Independent Inspector

(Intertek)

3. Steve Fernandes

4. Jane Lee

Microsoft Corporation 5. Kim Braun

6. Ted Eckert

7. Adriana Mattei, Zetacast, consultant

Nintendo of Europe GmbH 8. Eiichiro Morisaki

9. Emil Schweiger 10. Hiroki Takuma

Sony Interactive 11. Joshua Aslan Entertainment 12. Ceri Fenwick

13. Natsumi Nishi 14. Masahiro Takase

VA Administrator (SEC Newgate EU)

15. Alberto Hermosel

16. Feriel Saouli

AGENDA

- 1. Welcome and introductions
- 2. Approval of minutes of previous Steering Committee meeting
- 3. Review of actions of previous Steering Committee meeting
- 4. Annual Compliance Report (ACR) presentation
- 5. Update from Signatories:
 - 5.1. VA 2023 Review Report & Presentation of UK VA v.2
 - 5.2. Stakeholder outreach update
 - 5.3. 2023-2024 Timeline
- 6. Update from BEIS
- 7. AOB
- 8. End of meeting

MEETING MINUTES

1. Welcome and introductions

Feriel Saouli (SEC Newgate EU, VA Administrator) opened the meeting at 17:00 CET, she welcomed participants and presented the agenda. Anum Kazmi (DESNZ) reminded participants that BEIS is now called DESNZ - Department for Energy Security and Net Zero. No AOBs were added.

2. Approval of minutes of previous Steering Committee meeting (January 2023)

Feriel Saouli (SEC Newgate EU, VA Administrator) confirmed that the minutes were circulated, approved, and uploaded on the Games Consoles Voluntary Agreement (GCVA) <u>website</u> on 23 February 2023.

3. Review of actions of previous Steering Committee meeting

Feriel Saouli (SEC Newgate EU, VA Administrator) noted that all the actions agreed at the 3rd UK Steering Committee meeting had been completed.

4. Annual Compliance Report (ACR) presentation

Jane Lee (Intertek, Independent Inspector) presented the 2022 UK Annual Compliance Report (ACR). Both the <u>ACR</u> and her <u>presentation</u> can be found on the GCVA website.

- The Independent Inspector determined that the Signatories continue to be compliant with all VA requirements.
- The VA version applicable to reporting period 1 January 31 December 2022 was <u>UK VA v1.0</u>, which included a provision for reporting non-energy/resource efficiency requirements for consoles using <20 W (such as power caps and auto power down in Active Gaming Mode, information provided to consumers, refurbishment and out-of-warranty repair services).
- The UK VA covers games consoles placed on the UK market by the three Signatories. This accounts for 100% of the in-scope games consoles sold in the UK in 2022.

- Nine games consoles fell within the scope of the VA: Xbox Series X (Model: 1882), Xbox Series S (Model: 1883), Nintendo Switch (Model: HAC-001(-01)), Nintendo Switch OLED Model (Model: HEG-001), PlayStation®4 (Model: CUH-2216), PlayStation®5 (Model: CFI-1116A), PlayStation®5 Digital Edition (Model: CFI-1116B), PlayStation®5 (Model: CFI-1216A), PlayStation®5 Digital Edition (Model: CFI-1216B).
- No new consoles were placed on the market during the 2021 reporting period for which PCRs were submitted in February 2022. It was proposed that 3 consoles (tested during the EU agreement's previous year's verification) should be retested with retailer sourced consoles rather than samples from the manufacturers used the previous year. For the Sony PlayStation models, an updated version of the PlayStation 5 purchased in retail was tested. The Independent Inspector was not able to purchase a PlayStation 5 Digital Edition due to high demand, so the previous results from the manufacturer sample were carried forward. Additionally, two Nintendo models were included in the 2022 test as they had come into scope of non-energy requirements.

Jane Lee (Intertek, Independent Inspector) informed participants that following the 2022 investigation, Intertek did not have any recommendations in relation to the reporting process, data handling and product compliance review associated with the role of the Independent Inspector to produce the Annual Compliance Report.

5. Update from Signatories

5.1 VA 2023 Review Report & Presentation of UK VA v.2

Ted Eckert (Microsoft) informed participants this is the **1st UK Review Report** prepared by the Signatories of the GCVA and that the process started in 2022. He added that previous EU reviews took place in 2017, 2019 and 2020, and that all reports are available on the <u>GCVA</u> website.

Ted stressed that the 2023 UK Review Report covers proposals on:

- Energy efficiency.
- Resource efficiency.
- Increased transparency and testing.

Energy efficiency proposals

a) EU Standby regulation update

Before going into the details of the energy efficiency proposals, Joshua Aslan (Sony) mentioned the new Standby regulation issued in April as (EU) 2023/826 and which will come into effect in May 2025 for EU Member States and Northern Ireland. He said **the EU GCVA** will be updated to reference it before the end of 2024.

The rest of the UK may decide to introduce similar provisions in the future, which would be considered by the UK VA Signatories.

b) Power cap reductions

Joshua Aslan (Sony) presented the proposal for **new power cap reductions for media and navigation modes for HD, UHD-media and 8k capable consoles** (7th tier since the GCVA was launched in 2015; 1st reduction for the UK VA) and said these new power caps **came**

into effect on 1 January 2024. He explained that no proposals have been made for the UHD gaming capable category, because there are currently no consoles manufactured or on the market in that category. He added that Signatories believe these power cap reduction proposals will continue to ensure that the GCVA will be an effective driver of energy efficiency for games consoles.

c) Limitations for future power reduction

Joshua Aslan (Sony) highlighted that Signatories are facing some challenges to further reduce the power consumption of games consoles by using some of the key trends in hardware efficiency (such as reducing the size of transistors of an integrated circuit). Microprocessors are reaching the limit of what may be physically possible (such as the end of Moore's law), but Signatories will continue to investigate other methods to improve energy efficiency.

With regards to the evolution of video codecs, he mentioned that:

- Streaming companies and channels (which are on the rise) are migrating from H.264 encoding to AV-1.
- AV-1 provides more efficient compression of video data, reducing demand on networks but requiring more processing power and therefore consuming more energy by the decoding device.
- The new codec, and likely future new codecs, may limit the Signatories' ability to further lower the games consoles streaming power caps.

d) Energy efficiency information

Joshua Aslan (Sony) mentioned that the Signatories average power consumption for sample games on their consoles as well as an estimated total annual energy consumption (TEC) is now available on the <u>GCVA website</u> (since December 2022), as well as on the Signatories' websites. The GCVA website now also provides links to the Signatories' websites for more information on consoles in scope and how to ensure consoles are efficiently set up.

Resource efficiency proposals

a) Spare parts

Ceri Fenwick (Sony) explained the Signatories propose a unique strategy for the supply of spare parts to third parties to avoid stockpiling and creating unnecessary waste. In the proposal, the Signatories may utilise one or more of the following strategies to support their own repair and refurbishment processes for consoles and provide spare parts to third parties:

- Providing new parts.
- Providing refurbished parts or consoles.
- Providing recovered parts such as from broken consoles.
- Directing to a third-party part supplier, when safe and technically feasible.
- Keeping an archive of new (or used) consoles for parts recovery.

She added that the proposal aligns with UK's circular economy objectives and excludes IP protected components (that form part of the encryption system – such as the motherboard and optical drive when applicable).

b) Encrypted parts are critical to protect against game piracy

Ceri Fenwick (Sony) explained that encrypted parts are critical to protect against game piracy, which is a threat to the entire games consoles industry:

- Hackers are constantly attempting to modify consoles to enable piracy.
- Some internal components (e.g., motherboard, optical drive) form a specialised and locked encrypted system to prevent this software piracy.
- These parts and associated blueprints cannot be provided to independent repair companies without compromising protection.

She added that the 2023 UK Review Report includes additional information on this topic, as well as some further explanatory quotes by the industry association Video Games Europe: "By console manufacturers taking steps to prevent illegally copied games they protect game developers and the wider video games industry." She reminded participants that Signatories provide IP protected parts to authorised repair centers, so repair is possible through the dedicated out-of-warranty repair services.

c) Spare parts proposal

Ceri Fenwick (Sony) explained that after significant technical review, the Signatories propose to provide the following spare parts effective from 1 January 2026:

- Internal and external parts that are not part of the encryption system (when applicable) to be provided to professional repairers:
 - Internal axial fan.
 - Internal power supply.
 - Circuit board assemblies not protected by internal encryption.
 - External plastic enclosure parts.
- Standard bundled external cables (when applicable), such as USB, power and HDMI, are to be provided to professional repairers and end-users.

She added that Signatories will maintain their current commitment to provide hard disk drives and external power supplies to professional repairers and end-users. This new proposal means the majority of console components will be available to third parties as of 2026, together with the existing out-of-warranty repair services, which will ensure consumers have greater access to spare parts, enabling a wide range of repair options for their consoles.

Emil Schweiger (Nintendo) mentioned that as well as increasing the list of spare parts available to professional repairers and end-users, the spare parts strategy also allows Signatories to increase the length of time to provide spare parts from 2 to 5 years effective from 1 January 2026. These additional 3 years, along with the already long-life cycle of games consoles will enable consumers to gain access to parts for an extended time period of approximately 10-12 years in total. He added that to improve the Signatories' ability to forecast and stakeholders' ability to assess the availability of spare parts, Signatories propose changing the start time to *last date of manufacture* instead of *last unit placed on the market*.

d) Regulatory handling of spare parts

Emil Schweiger (Nintendo) went on to explain that although Signatories commit to improving resource efficiency by providing spare parts to third parties, and to reducing waste from excess inventory, in some instances, updates to UK regulations and standards (e.g., safety, chemicals, etc.) may prevent Signatories from providing spare parts to third parties, as spare parts would need to meet these new regulatory requirements which come into force after the original console was last placed on the market. Such changes to requirements could result in the need of a redesign and remanufacturing of the part(s), which in turn, due to the foreseeable limited quantity would be resource intensive thus going against the resource efficiency goals of the circular economy. He summarised that the proposed strategy will enable Signatories to:

- (1) Increase the length of time they can provide spare parts.
- (2) Increase the types of spare parts available to third parties.

e) Out-of-warranty repair service

Emil Schweiger (Nintendo) mentioned that along with the increased list of spare parts to be provided to third parties, Signatories also recognise the importance of enabling consumers to use and maintain their consoles for as long as possible. The GCVA already requires Signatories to provide an out-of-warranty repair and refurbishment service for end-users, which aligns with the intention of the UK (May 2021) and the European Commission's (March 2023) proposals on common rules promoting the repair of goods.

Therefore, Signatories propose that **from 1 January 2026**, authorised repair or refurbishment centres shall provide an out-of-warranty repair and refurbishment service to end-users for a **minimum five years** (*after the last unit was manufactured*).

f) Resource efficiency information

Emil Schweiger (Nintendo) said that in addition to the energy efficiency information, the <u>GCVA</u> <u>website</u> now has a new section on resource efficiency information, where Signatories provide information on repair or refurbishment services for games consoles that bring benefits to both the consumer and the environment. The website also provides information on other commitments Signatories have made to improve the resource efficiency of their products, among them information to help consumers maintain their consoles in the best possible condition.

Other proposals

a) Increased transparency and testing

Joshua Aslan (Sony) explained that Signatories have updated the compliance and verification methods to further increase transparency representativeness:

- The Independent Inspector can test energy efficiency requirements of consoles *annually* (instead of only being required to test new console models).
- The Independent Inspector will also check the resource efficiency requirements for the selected games console(s) *annually*.

Summary of changes in UK VA v.2

Ted Eckert (Microsoft) summarised the revisions and clarifications made in the UK VA v.2:

- Tier 7 of power caps reduction for Navigation and Media modes.
- Increase duration of spare parts provision from 2 to 5 years.
- Increase list of spare parts for third parties.
- Commitment of 5 years to provide an out-of-warranty repair and refurbishment services.
- Revision of the 25g exemption for halogenated flame retardants to 0.5g.
- Energy and resource efficiency information requirements to users and stakeholders.
- Revised verification method and annual test by the Independent Inspector.

He confirmed that the UK VA v2 will be adopted retroactively from 1 January 2024 (mirroring the EU version).

5.2 Stakeholder outreach update

Feriel Saouli (SEC Newgate EU, VA Administrator) mentioned that from June to September 2023, Signatories met with the following UK stakeholders to present the draft VA proposals and receive preliminary feedback:

- BEIS
- Energy Saving Trust

Stakeholders raised questions mainly on the proposals for power caps and spare parts, the out-of-warranty repair service, the compliance process and new verification method, and the timeline.

5.3 2023-2024 Timeline

Ted Eckert (Microsoft) stressed that the UK VA v.2 will be adopted retroactively from 1 January 2024. The final version will be issued, presented at the next UK Steering Committee meeting, and published on the <u>GCVA website</u> towards the end of spring or early summer (date TBC).

6. Comments and update from BEIS

With regards to the **draft UK VA v.2**, Anum Kazmi (DESNZ) asked about the edit concerning the role of the Secretary of State in section 8 "Voluntary Withdrawal or Dissolution of the Voluntary Agreement" (p. 32). Adriana Mattei (Microsoft) confirmed this was an unwitting edit mistake, already corrected in the new draft. Anum Kazmi (DESNZ) will have another look at the draft UK VA v.2 and will email the Administrator in case of additional questions.

On the **provision of spare parts**, Margaret Sutherland (DESNZ) asked Signatories for clarification regarding the proposed start time based on the date of manufacture of the last unit, instead of the date when the last unit was placed on the market, and whether the timeline change is significant. Ted Eckert (Microsoft) explained that the date when the last unit was placed on the market may vary depending on sales in a particular country and the availability of the product by the retailer, over which Signatories have no control or visibility (inventory forecasts may not be accurate). He also mentioned that historically, consoles have been available for sale on the market for an average of 8 years'; considering the date when the last unit was manufactured (which Signatories know) can extend the period for provision of spare

parts to around 10-12 years. Margaret Sutherland (DESNZ) then asked whether the EU is favourable to this approach. Ted Eckert (Microsoft) confirmed this and stressed that this proposal would allow consumers to repair old console models (as opposed to other devices such as phones or computers, which may be updated annually). Emil Schweiger (Nintendo) echoed Ted's comments by stating that when a product can continue to be sold by a retailer in one country, it may no longer be available in another. Furthermore, he underlined that Signatories have better visibility on a global scale on the last date of manufacture of a console. He also mentioned that production of spare parts may stop when production of a console stops. Extending spare part availability could result in producing more spare parts than needed, resulting in unused parts that could go into the waste stream.

On the **standby regulation**, Margaret Sutherland (DESNZ) asked the Signatories to what extent the requirements for the UK might vary from those of the EU. Joshua Aslan (Sony) explained that as far as power consumption is concerned, consoles are similar globally (as the hardware is the same in all countries, with minor differences due to power supply). When it comes to networked standby mode outside the EU, the only difference is in required automatic-power-down (APD) time. When the new UK standby regulation comes into force, this requirement will change.

Ted Eckert (Microsoft) highlighted that Microsoft ran a campaign around a year ago to encourage more users to switch from a higher power to a lower power standby mode, doing some A/B testings to measure the effectiveness of the action. He mentioned that if there are regions with different regulatory frameworks on standby, Signatories would consider it with the goal to reduce energy consumption of their consoles. Emil Schweiger (Nintendo) echoed Joshua's comments by confirming that the hardware of all consoles is generally the same across the world, with minor differences such as power supply(due to national mains power voltage differences). On software, Emil stressed that most of the VA requirements are already among the most rigorous in the world, and in some cases, could go beyond those stipulated by UK regulations.

As for the **ESPR**, Margaret Sutherland (DESNZ) informed participants that they are following the latest developments in the EU, including new requirements such as product passports. She confirmed that, as a team, they will continue to focus on energy-related products (other departments will consider the impact of ESPR for other product categories, such as textiles), and that they are trying to understand the impact of the divergence between the EU and the UK (the EC would adopt delegated acts for changes in specific product categories under the ESPR). The UK is currently working on developing its position on the ESPR.

On the **2024 timeline**, Emil Schweiger (Nintendo) stressed that the Signatories expect to align the EU's VA with that of the UK, following the comments received by the EU stakeholders from the Consultation Forum meeting last December (all feedback should be submitted by 26 January). He asked whether the timeline presented was acceptable to DESNZ. Anum Kazmi (DESNZ) confirmed this.

7. AOB

No AOB was raised.

8. End of meeting

Feriel Saouli (SEC Newgate EU, VA Administrator) thanked participants and closed the meeting at 18:00 CET.

Actions

VA Administrator to prepare and distribute the minutes of the current meeting.