

SCHEDULE 2

BICYCLES, SPARE PARTS AND TOOLING PURCHASE

PART A - BICYCLES

SECTION 1 - CURRENT BICYCLES

- 1.1 The Service Provider acknowledges that, pursuant to the provisions of the Existing LCHS Contract, title to the Current Bicycles and Current Bicycle Spare Parts shall transfer to TTL on or prior to the Operational Commencement Date.
- 1.2 On the Operational Commencement Date the Service Provider will (or should) be in possession of 12,191 Current Bicycles and the Current Bicycle Spare Parts.
- 1.3 The Service Provider shall be deemed to have accepted the Current Bicycles and shall not be entitled to reject any of the Current Bicycles and TTL shall have no liability for any defect or failure of the Current Bicycles to comply with this Contract.
- 1.4 Risk in the Current Bicycles and the Current Bicycle Spare Parts shall pass to the Service Provider on the Operational Commencement Date.
- 1.5 TTL warrants that at the Operational Commencement Date TTL owns the Current Bicycles and that TTL is entitled to provide them to the Service Provider for use within the London Cycle Hire Scheme.
- 1.6 The Service Provider has had the opportunity to inspect the Current Bicycles, and acknowledges that the Current Bicycles have been in use in the London Cycle Hire Scheme are therefore not new and are in a used condition. Therefore TTL gives no warranty (including warranties as to condition) in relation to the Current Bicycles except as specified in Paragraph 1.5 above. All other warranties, conditions and other terms implied by statute or common law which relate to the Current Bicycles are, to the fullest extent permitted by law, excluded from this Contract.

SECTION 2 - NEW BICYCLES

2 SUPPLY OF THE NEW BICYCLES

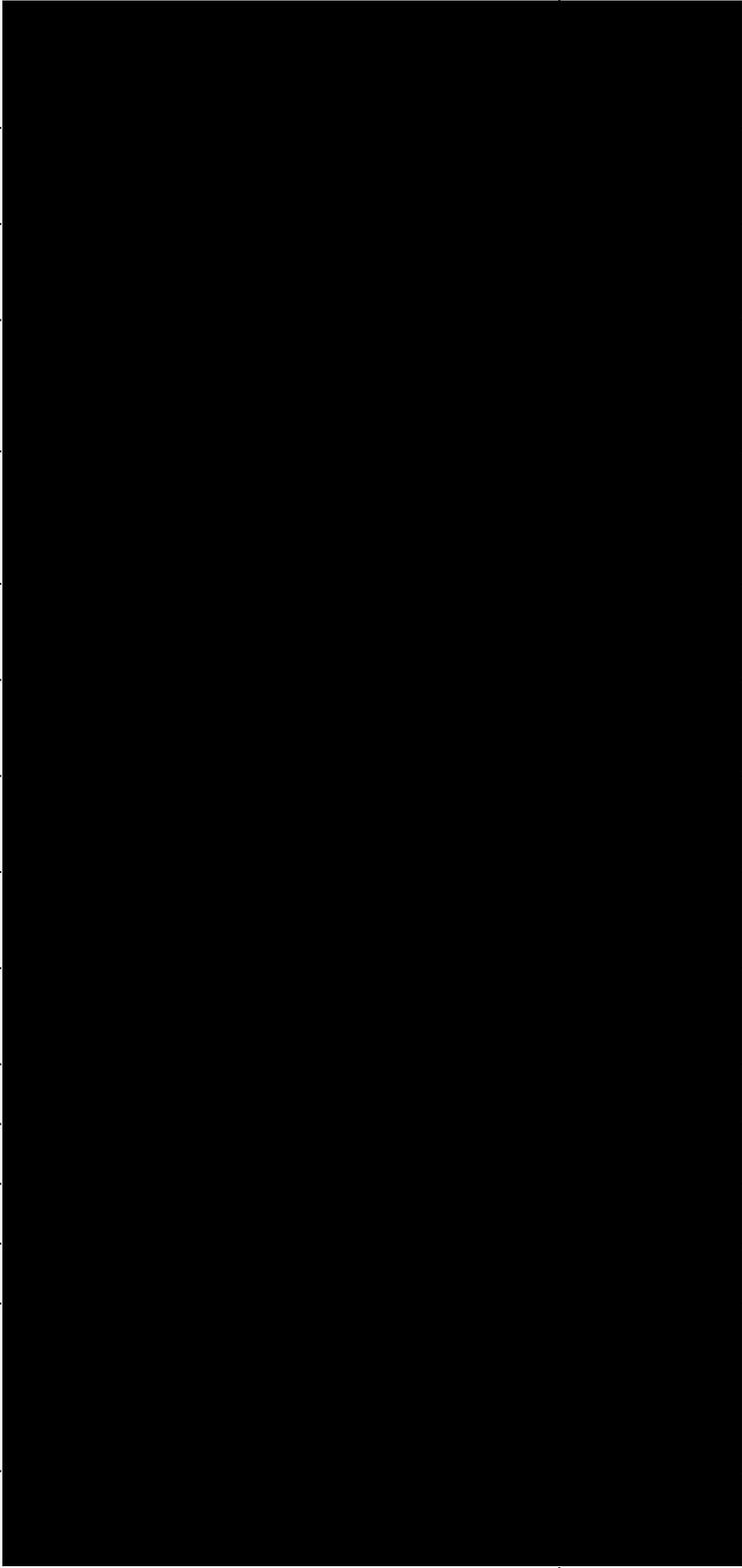
- 2.1 The Service Provider shall sell, and TTL shall purchase (at TTL's cost save as otherwise stated in paragraph 2.2 below), New Bicycles:
 - (a) Where a Current Bicycle or New Bicycle has been Decommissioned (and therefore the Service Provider needs to replace that Bicycle with a New Bicycle) and TTL has agreed in writing to its replacement by a

New Bicycle ("**Routine Bicycle Purchase**"); or

(b) Where TTL places an order with the Service Provider to purchase New Bicycles ("**Bulk New Bicycle Purchase**").

- 2.2 The Service Provider shall be responsible for the costs of purchasing New Bicycles pursuant to paragraph 2.1 (a) above to the extent that the Current Bicycles(s) and/or New Bicycle(s) requiring replacement have been Decommissioned as a result of the Service Provider failing to fulfill its obligations under, or otherwise breaching, this Contract.
- 2.3 The Service Provider shall notify TTL in writing regarding the Routine Bicycle Purchases in accordance with the Requirements.
- 2.4 During the Term TTL may, from time to time, provide the Service Provider forecasts of the Bulk New Bicycle Purchase orders TTL expects to place during certain periods of the Term. Any such forecasts are provided for information only, are not orders, are not legally binding and must not be relied upon.
- 2.5 TTL may require the Service Provider to supply examples of the New Bicycles prior to making an order for Bulk New Bicycle Purchases in order to ensure that the New Bicycles meet the Requirements and the requirements of this Contract.
- 2.6 An order for Bulk New Bicycle Purchases shall comprise a separate and distinct contract and shall be subject to the terms and conditions of this Contract to the exclusion of any other terms and conditions set out in the Service Provider's acceptance or acknowledgement of order.
- 2.7 An order for Bulk New Bicycle Purchases must meet the Minimum Order Requirements unless the parties agree otherwise in writing.
- 2.8 The Service Provider must accept all orders for Bulk New Bicycle Purchases which require delivery on or after the New Bicycle Lead Time. The Service Provider shall use all reasonable endeavours to fulfil orders for Bulk New Bicycle Purchases which require delivery in a period less than the New Bicycle Lead Time.
- 2.9 The Service Provider shall, on receipt of an order for a Bulk New Bicycle Purchase, acknowledge receipt and confirm that it shall deliver the New Bicycles in fulfilment of that order on the date nominated in the order (where such date is no less than the New Bicycle Lead Time), or where the date nominated in the order is less than the New Bicycle Lead Time the date on which the Service Provider shall deliver the New Bicycles (which shall be no later than the New Bicycle Lead Time, and reduced by the Service Provider in fulfilling its obligation under Paragraph 2.8).

Schedule 2 Bicycles, Spare Parts and Tooling Purchase







- [REDACTED]
- [REDACTED]
- [REDACTED]
- 2.13 TTL's requirements may vary and the Contract shall not place TTL under any obligation to purchase the New Bicycles from the Service Provider save as set out in Paragraphs 2.14 and 2.15 below.
- 2.14 TTL shall not purchase any cycles for use in the London Cycle Hire Scheme from any person other than the Service Provider during the Exclusivity Period.
- 2.15 TTL shall during the Term ensure that it purchases at least the Minimum Volume Commitment of New Bicycles from the Service Provider (whether Routine Bicycle Purchases or Bulk New Bicycle Purchases).
- 2.16 The Minimum Volume Commitment shall be reduced by the amount of New Bicycles which the Service Provider is unable to fulfil in accordance with this Contract (for any reason including Force Majeure).
- 2.17 The Minimum Volume Commitment shall not apply where the Contract is terminated pursuant to Clause 46.1.

3 DELIVERY OF THE NEW BICYCLES

- 3.1 The Service Provider shall deliver to TTL the New Bicycles DDP (Incoterms 2010) (Delivery Address) in accordance with the Requirements and this Contract, notifying TTL of such delivery and adjusting the Asset Register accordingly. No New Bicycles shall be delivered to a delivery address other than the Delivery Address without the prior written consent of TTL.
- 3.2 If the Service Provider at any time has reason to believe that it will be unable to deliver any New Bicycles on the date required by this Contract then the Service Provider shall immediately notify TTL of the cause, the expected period of delay and the steps proposed by the Service Provider to minimise delay.
- 3.3 In the event that the Service Provider fails to deliver any New Bicycles on the date required by this Contract the Service Provider shall (to the extent it has not already done so in accordance with paragraph 3.2 above) immediately notify TTL of the cause, the expected period of delay and the steps proposed by the Service Provider to minimise delay and TTL shall (without prejudice to any rights or remedies TTL is entitled to under this Contract) be entitled to:
- (a) claim liquidated damages from the Service Provider in accordance with

paragraph 3.9; and

- (b) require the Service Provider, at its own expense, to arrange all such additional resources as may be necessary to ensure delivery of such New Bicycles as soon as is reasonably practicable thereafter; or
 - (c) where the delivery relates to a Bulk New Bicycle Purchase order that has not been delivered, or TTL reasonably considers that it will not be delivered, by the date five (5) weeks after the date required by this Contract then TTL may cancel that order (in whole or in part) at no cost (save in relation to any part of such order that has actually been delivered, or is reasonably expected to be delivered by the date five (5) weeks after the date required by this Contract) by giving immediate written notice to the Service Provider and engage a third party to provide the New Bicycles and the Service Provider shall be liable in respect of all additional losses and expenditure incurred by TTL in having such New Bicycles supplied by a third party. For the purposes of this paragraph 3.3 (c), and to the extent applicable, each Bulk New Bicycle Batch shall be deemed to be a separate order capable of cancellation subject to and in accordance with this paragraph.
- 3.4 The costs of transport and delivery of the New Bicycles to the Delivery Address shall be borne by the Service Provider.
- 3.5 The Service Provider shall repair or replace free of charge any New Bicycles damaged in transit to the Delivery Address and in the event of such damage delivery shall not be deemed to have taken place until repaired or replacement New Bicycles have been delivered.
- 3.6 In relation to orders for Bulk New Bicycle Purchases TTL shall be under no obligation to accept or pay for any New Bicycles delivered in excess of the quantity ordered. If TTL elects not to accept such over-delivered New Bicycles it shall be entitled to give notice in writing to the Service Provider to remove them. Within 7 days of receipt by the Service Provider of such notice the Service Provider shall remove the excess and refund to TTL any expenses incurred by TTL as a result of such over-delivery (including the costs of moving and storing them).
- 3.7 The Service Provider shall not deploy any New Bicycle into use within the London Cycle Hire Scheme:
- (a) unless and until the Triangle has been applied by the Service Provider to the New Bicycle in accordance with the Requirements;
 - (b) without the prior written approval of TTL.
- 3.8 The Period to which a New Bicycle Purchase is allocated for the purposes of calculating Charges pursuant to Schedule 7 shall be the date on which the

requirements of Paragraph 3.7 have been fulfilled, the New Bicycle has been deployed for use within the London Cycle Hire Scheme, and is available for rental by a Customer.

- 3.9 In the event that the Service Provider fails to deliver any New Bicycles by the date which is required by this Contract, the Service Provider shall pay TTL on demand or TTL may deduct from its payments to the Service Provider, 2% of the value of such delayed or undelivered New Bicycles for each week (from the date delivery was required under this Contract) that the Service Provider fails to deliver such New Bicycles, up to a maximum of 10% of the value of such New Bicycles. For the purposes of this paragraph 3.9, and to the extent applicable, each Bulk New Bicycle Batch shall be deemed to be a separate order and TTL may exercise its rights set out in this paragraph in relation to each such Bulk New Bicycle Batch.

4 NEW BICYCLE WARRANTY AND OBLIGATIONS

- 4.1 Without prejudice to any other warranties expressed elsewhere in the Contract the Service Provider warrants and undertakes to TTL that:
- (a) the New Bicycles shall comply with the New Bicycle Warranty;
 - (b) the New Bicycles shall be of satisfactory quality, Fit for Purpose and free from any defects in or arising from design, materials, workmanship or delivery;
 - (c) the New Bicycles shall be properly packed and secured in such a manner as to reach the Delivery Address in good condition and otherwise in a condition which fully complies with the requirements of each Contract;
 - (d) at the time of delivery to the Delivery Address the Service Provider has title to the New Bicycles free and clear of any and all liens and encumbrances;
 - (e) the New Bicycles shall conform in all respects with the Requirements and in relation to Bulk New Bicycle Purchases comply with the requirements of the order;
 - (f) the New Bicycles correspond with the Manufactured Prototype;
 - (g) the New Bicycles shall comply with all Applicable Law including in relation to their sale and use;
 - (h) the use and/or possession and/or maintenance of the New Bicycles by the Service Provider or TTL or Replacement Service Provider shall not infringe the Intellectual Property Rights of any third party;

- (i) the Service Provider shall provide TTL with adequate instructions to enable TTL to make full use (and maintenance) of the New Bicycles;
 - (j) the Service Provider shall provide the New Bicycles in a safe manner and free from any unreasonable or avoidable risk to any person's health and well-being and in an economic and efficient manner;
 - (k) the Service Provider has and will maintain at its cost all necessary approvals, licences, permits and consents in relation to the New Bicycles and their delivery, including those required by any Applicable Laws.
- 4.2 With respect to any New Bicycles supplied under the Contract that are not in accordance with any of the warranties specified in Paragraph 4.1, TTL, without prejudice to any of its other rights or remedies, may require the Service Provider to immediately:
- (a) repair or replace such New Bicycles at the Service Provider's risk and expense; or
 - (b) refund to TTL the price paid by TTL in respect of such New Bicycles.
- 4.3 New Bicycles repaired or replaced in accordance with Paragraph 4.2 shall be subject to the provisions of the Contract in the same manner as those originally delivered under the Contract.
- 4.4 If the Service Provider refuses or fails promptly to repair or replace any New Bicycles when so requested to do so by TTL pursuant to Paragraph 4.2, TTL, without prejudice to any of its other rights and remedies, shall be entitled by itself, or through any agent or subcontractor, or otherwise, to repair or replace such New Bicycles and the Service Provider agrees to reimburse TTL upon demand for the costs incurred in doing so.
- 4.5 For the purposes of construing the obligations in Paragraph 4.1, references to the New Bicycles include any part of the New Bicycles. Each warranty shall be construed as a separate warranty and shall not be limited or restricted by reference to, or reference from, the terms of any other warranty or any other term of the Contract.
- 4.6 Without prejudice to any rights or remedies TTL may have against the Service Provider whether under each Contract or otherwise, the Service Provider shall without delay, upon a request by TTL to do so, replace or (at TTL's option) repair all New Bicycles in which a defect has occurred or is likely to occur in the reasonable opinion of TTL, provided that such request is made during the Warranty Period. Any replacement New Bicycles shall comply in all respects with the terms of the relevant Contract and shall conform to the Requirements and shall be fit for the purpose for which they are intended.

- 4.7 For the avoidance of doubt, where New Bicycles are replaced or repaired in accordance with this Schedule, such repaired New Bicycles or replacement New Bicycles shall be re-delivered to TTL in accordance with the provisions of this Contract and the provisions of Paragraph 4 shall apply to such re-delivered New Bicycles. The Warranty Period for these purposes shall commence on the date that the Service Provider delivers the New Bicycles in accordance with Paragraph 3 or, where applicable, re-delivers the New Bicycles in accordance with this Paragraph 4.
- 4.8 Immediately prior to delivery by the Service Provider to TTL of the New Bicycles the Service Provider shall inspect the New Bicycles.
- 4.9 If, following the inspection referred to in Paragraph 4.7, the New Bicycles do not comply with the provisions of this Contract (without prejudice to any rights or remedies TTL may have against the Service Provider, whether under the Contract or otherwise), then the Service Provider shall not deliver to TTL such New Bicycles unless TTL has consented otherwise in writing and shall at TTL's option provide replacement New Bicycles which conform in all respects with the Contract within five (5) Business Days.
- 4.10 If the Service Provider fails to promptly replace rejected New Bicycles in accordance with Paragraph 4.7, TTL may, without affecting its rights under this Contract, obtain substitute goods from a third party supplier, or have the rejected New Bicycles repaired by a third party, and the Service Provider shall promptly reimburse TTL for the costs it incurs in doing so.
- 4.11 The Service Provider acknowledges that the New Bicycle Warranty and the obligations contained in Paragraph 4.1 shall not be affected by TTL or the Service Provider or a Replacement Service Provider taking delivery of the New Bicycle, assembling the New Bicycle, adding additional components to the New Bicycle, maintaining or repairing the New Bicycle or using the New Bicycle in a publicly available bike hire scheme.
- 4.12 TTL shall be entitled to freely assign the New Bicycle Warranty and the obligations contained in Paragraph 4.1.

5 NOT USED

PART B - PROVISIONS WHICH APPLY TO ANY BICYCLE AND ALL TOOLING

6 RISK

- 6.1 Risk in the Tooling shall be with the Service Provider at all times until the Tooling is delivered up to TTL in accordance with this Contract.
- 6.2 Risk in the Bicycles and the Spare Parts shall be with the Service Provider at all times whilst the Bicycles and/ or the Spare Parts (as relevant) are at the Premises or otherwise in the possession of the Service Provider (or where

pursuant to this Contract the Service Provider should have been in possession) until the Bicycles and Spare Parts are delivered up to TTL on termination or expiry of the Contract.

7 TITLE

7.1 Full legal, beneficial and equitable title to and property in the Bicycles and the Tooling shall be vested in TTL (even though the Service Provider is in possession of the Bicycles or Tooling and the Bicycles or Tooling are at the Service Provider's risk):

- (a) in relation to the Current Bicycles at all times;
- (b) in relation to New Bicycles on the earliest of the ascertainment of New Bicycles to this Contract or their delivery pursuant to Paragraph 3.1;
- (c) in relation to the Tooling on the earliest of:
 - (i) the payment for the Tooling by the Service Provider (or the applicable Sub-Contractor);
 - (ii) the delivery of the Tooling to the Service Provider (or the applicable Sub-Contractor); or
 - (iii) ascertainment of the Tooling to this Contract.

7.2 The Service Provider shall:

- (a) hold the Bicycles and Tooling on a fiduciary basis as TTL's bailee;
- (b) be solely and absolutely responsible for any loss or damage to Tooling;
- (c) be solely and absolutely responsible for any loss or damage to the Bicycles whilst at the Premises or whilst in the possession of the Service Provider (or where pursuant to this Contract the Service Provider should have been in possession);
- (d) keep Tooling at all times at the Factory unless agreed otherwise with TTL in writing.
- (e) where Bicycles are not in use with the London Cycle Hire Scheme, or Tooling is not in use for manufacturing Bicycles, store the Bicycles and Tooling at the Premises or the Factory (or such other premises approved in advance in writing by TTL) in a proper manner in conditions which adequately protect and preserve the Bicycles or Tooling and separately from all other equipment;

- (f) ensure that the Bicycles and Tooling are clearly identified as belonging to TTL in accordance with the Requirements and that identification is not tampered with;
- (g) at all times, but subject to Paragraph (i) below keep the Bicycles and Tooling in reasonable repair and condition and in reasonable working order, and at the Service Provider's own expense promptly repair all worn and damaged parts to the extent required to keep the Bicycles and Tooling in reasonable repair and condition and in reasonable working order;
- (h) use the Tooling in a controlled, safe and proper manner in accordance with its manufacturers' instruction, any operating instructions and all Applicable Laws, and not for any purpose for which it was not designed or for any unlawful purpose;
- (i) ensure the Tooling is used or operated only by properly skilled personnel;
- (j) where a Bicycle is Decommissioned remove that Bicycle from service, comply with the provisions set out in Part F of this Schedule 2 (if applicable) dispose of such Bicycle in accordance with the Statement of Requirements and to the extent necessary to fulfil the Service Provider's obligations under this Contract (or as directed by TTL) replace that Bicycle with a New Bicycle;
- (k) where Tooling is beyond economic repair (whether due to fair wear and tear or otherwise) replace the Tooling with at least equivalent Tooling at no cost to TTL;
- (l) at all times ensure that the Bicycles and Tooling comply with Applicable Laws;
- (m) arrange appropriate maintenance and inspections in accordance with this Contract for Bicycles and Tooling which:
 - (i) complies with the Requirements;
 - (ii) complies with all Applicable Laws (and ensures that the Bicycles and Tooling comply with all Applicable Laws);
 - (iii) meets the manufacturer's requirements; and
 - (iv) (in relation to the New Bicycles) is of a nature to maintain the validity of the New Bicycle Warranty;
- (n) notify TTL of any breakdown or unsatisfactory working, loss, damage, theft, seizure or loss of possession of the Bicycles or Tooling;

- (o) identify, obtain and keep in full force and effect all permissions, licences and other authorisations which may at any time be required in connection with the possession, storage or use of the Bicycles and Tooling;
- (p) not alter the Bicycles or Tooling or attach any accessories to the Bicycles or Tooling except as specified in this Contract;
- (q) not sell, charge, pledge, mortgage or otherwise dispose of the Bicycles or Tooling or any part of them or permit any lien to arise over the Bicycles or Tooling or part of it, or lease or sub lease or part with possession of the Bicycles (except to Customers in the ordinary course of operations of the London Cycle Hire Scheme) or Tooling or any part of them and keep the Bicycles and Tooling free from distress, execution and other legal process;
- (r) not attach the Tooling to any land or premises so that they become, or in TTL's reasonable opinion become, a fixture except to the extent reasonably necessary to allow the sale use or operation of the Tooling;
- (s) on request deliver up the Tooling to TTL or a Replacement Service Provider or TTL's nominated contractor to premises nominated by TTL;
- (t) ensure that the Bicycles are used only for the purposes of the London Cycle Hire Scheme and Tooling is used only for the purposes for manufacturing New Bicycles for TTL and are used for no other purpose.
- (u) Ensure that its employees, subcontractors and agents are aware of, and comply with the obligations related to the Bicycles and Tooling in this Paragraph 7.2.

PART C BICYCLE SPARE PARTS

7.3 Where pursuant to Clause 47.7 TTL exercises its right to purchase Spare Parts then:

- (a) The Service Provider warrants that those Spare Parts comply with the Bicycle Spare Parts Warranty;
- (b) Those Spare Parts shall be delivered to TTL (or its nominated contractor) at the Premises, accompanied all instructions or manuals which relate to such Spare Parts;
- (c) TTL shall be entitled to reject those Spare Parts which do not comply with the Bicycle Spare Parts Warranty (and a corresponding adjustment to the price for the Spare Parts shall apply);

(d) Title and risk in those Spare Parts shall pass to TTL on delivery.

PART D – NEW BICYCLE WARRANTY

The frame is warranted for 5 years and the fork for 2 years in accordance with the warranty below, and the manufacturer's warranty on all other parts will be flowed directly to TTL (see Annex A of this Schedule).

The Service Provider warrants that the parts mentioned shall be free from defects in materials and workmanship for the specified period. It is subject to correct inspection, maintenance and repair being done in accordance with Service Provider recommendations. It excludes normal wear and tear and any consequential damage thus caused. It does not cover defects which in the reasonable opinion of the Service Provider result from alteration, misuse, accident, abuse, neglect wear and tear, improper assembly and maintenance, racing or competitive use.

PART E – TOOLING

Annex E –

Blaze tooling- as listed below (component references):

Front and Rear casing

Front Laser holder

Rear Light shroud

Rear light casings

New Bicycle- as listed in Annex B to this Schedule.

PART F – BULK RETIREMENT OF CURRENT BICYCLES

The Parties shall use reasonable endeavours to agree a commercial mechanism for the sharing of any benefit derived from retiring Current Bicycles from the Scheme upon replacement by New Bicycles, using the following principles:

- a) The mechanism will only apply to the retirement of 500 or more Current Bicycles within the same Period, triggered by a Bulk New Bicycle Purchase;
- b) The Service Provider and TTL shall propose options for the potential future use of the Current Bicycles upon notification from TTL of the amount of Current Bicycles to be retired. Proposals should not be limited to those which may have financial benefit, ideas within the remit of corporate social responsibility should also be considered;

- c) The agreed principle is that the Parties will equally share the benefit of any monies received, assuming the cost outlay and risk profile is also equal;
- d) If either Party has the responsibility of more costs and/or more risk, the benefit of any monies received shall be adjusted proportionately;
- e) The Parties shall co-operate and negotiate reasonably and in good faith;
- f) The Parties acknowledge and agree that TfL shall have the final decision as to whether a proposal made pursuant to this Part F is implemented;
- g) Notwithstanding the above, TfL is at all times entitled to require the Service Provider to Decommission and dispose of Current Bicycles in accordance with the Statement of Requirements; and
- h) The Service Provider shall not be obliged to incur additional cost to implement any proposal agreed pursuant to this Part F.

Annex A- Manufacturer's warranty

Annex B- Tooling (New Bicycle design)