

# Appendix B: Token Distribution Model

## 1. SOT (SotilityOwnershipToken) Distribution

The SOT token represents equity ownership in the Sotility ecosystem and confers dividend rights and governance authority.

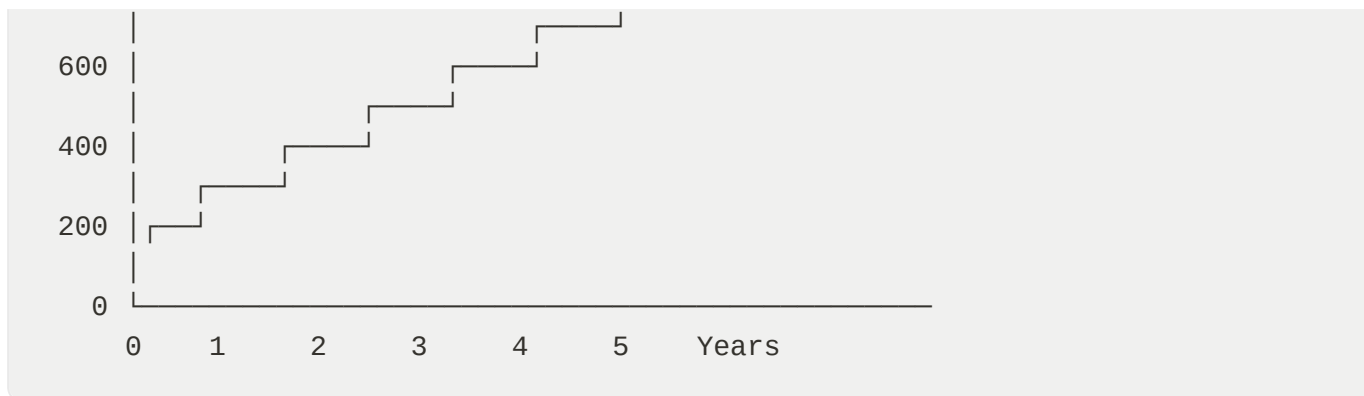
### 1.1 Initial Distribution

Allocation Category	Percentage	Amount (Millions)	Vesting Period
Treasury	20%	200	Strategic releases by DAO vote
Team & Early Contributors	15%	150	2-year cliff, 4-year linear vesting
Ecosystem Development	25%	250	Quarterly releases over 5 years
Initial Community Sale	10%	100	Immediate (liquid)
Seed & Strategic Investors	15%	150	1-year cliff, 3-year linear vesting
Liquidity Provision	10%	100	80% initially locked for 2 years
Advisors & Partners	5%	50	1-year cliff, 2-year linear vesting
<b>Total</b>	<b>100%</b>	<b>1,000</b>	

### 1.2 Vesting Schedule

The following chart illustrates the SOT token release schedule over 5 years:





### 1.3 Governance Weighting

SOT tokens locked in the SotilityVeToken contract receive enhanced governance weight:

- 1-year lock: 1.25x voting power
- 2-year lock: 1.5x voting power
- 3-year lock: 1.75x voting power
- 4-year lock: 2x voting power

## 2. **SUG (SoGoodUtilityGovernance) Distribution**

The SUG token serves as a governance and utility token within the SoGood social platform, rewarding valuable content and transparent contributions.

### 2.1 Token Economics

**Supply Model:** Algorithmically controlled inflation with decay mechanism

- Initial supply: 250 million SUG
- Maximum annual inflation rate: 15% (Year 1), decreasing by 2% each year until stabilizing at 5%

### 2.2 Allocation Structure

Allocation Category	Percentage	Amount (Millions)	Distribution Schedule
Content Rewards	50%	125	Continuous algorithmic distribution
DAO Treasury	20%	50	Controlled by governance
Community Airdrops	10%	25	Quarterly merit-based distributions
Platform Development	15%	37.5	3-year quarterly release
Early Adopter Incentives	5%	12.5	First-year campaign rewards
<b>Total</b>	<b>100%</b>	<b>250</b>	

## 2.3 Merit-Based Content Rewards

SUG token rewards follow a transparent algorithm with the following parameters:

- Base reward per verified positive contribution: 0.1-10 SUG
- Multipliers based on:
  - Utilitier Level (Bronze: 1x, Silver: 1.2x, Gold: 1.5x, Platinum: 2x)
  - Content quality score (AI-verified)
  - Long-term impact measurement (recursive citations/use)
  - Geographic diversity bonuses

## 3. SST (SotilityStableToken) Mechanism

The SST token is a revenue-backed stablecoin pegged 1:1 to USD, minted only against verified business revenue.

### 3.1 Minting and Collateralization

- SST can only be minted by the SotilityExchange contract when verified revenue proof is submitted
- Each SST is backed by 1 USD equivalent of verified business revenue

- IPFS receipts provide transparent audit trails for all mint events
- Emergency redemption mechanism ensures stability

### 3.2 Protocol Revenue Allocation

Revenue collected by the protocol (from fees, services, etc.) is allocated as follows through the SotilityTreasuryRouter:

Allocation	Percentage	Purpose
SOT Dividends	40%	Distributed to SOT holders
SST Reserves	40%	Backs SST stability and new mints
SUG Campaigns	20%	Funds ecosystem growth and rewards

### 3.3 Anti-Inflation Mechanism

To maintain SST's value and prevent inflation:

- All SST in circulation must be backed by verified revenue
- Minting requires multisig approval and oracle verification
- Regular audits of backing reserves ensure transparency
- Any unbacked SST can be instantly bought back and burned by the protocol

## 4. Liquid Staking Mechanics

The Sotility Liquid Staking system promotes capital efficiency by allowing staked assets to be used throughout the ecosystem:

### 4.1 lstSOT (Liquid Staked SOT)

Users staking SOT receive lstSOT at the current exchange rate, which:

- Represents their staked SOT plus accrued rewards
- Can be used in yield strategies across the ecosystem
- Maintains governance rights (but at a 0.8x multiplier compared to direct SOT voting)
- Can be exchanged back for SOT (plus rewards) at any time

## 4.2 Exchange Rate Mechanism

The lStSOT to SOT exchange rate follows a compounding formula:

Plain Text

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exchangeRate = (totalStakedSOT + totalRewards) / totalLstSOTSupply
```

This ensures that lStSOT automatically increases in value relative to SOT as rewards accumulate.

## 5. Cross-Token Interactions

The Sotility ecosystem creates powerful synergies between its tokens:

### 5.1 Reputation-Enhanced Yield

- Higher Utilitier Levels (from SUG activity) unlock enhanced SOT staking yields
- SoulBound reputation tokens can unlock preferential SST minting rates for businesses

### 5.2 Governance Multipliers

Users can amplify their governance weight through various mechanisms:

- Long-term SOT locking (via veSOT)
- Active SoGood social participation (SUG accumulation)
- Reputation badges (SoulBound NFTs)

This creates a system where both financial stake and positive contribution are rewarded with governance authority.