Appendix C: Governance Process Flowchart

1. Multi-Layered Governance Framework

The Sotility governance system operates across three interconnected layers:

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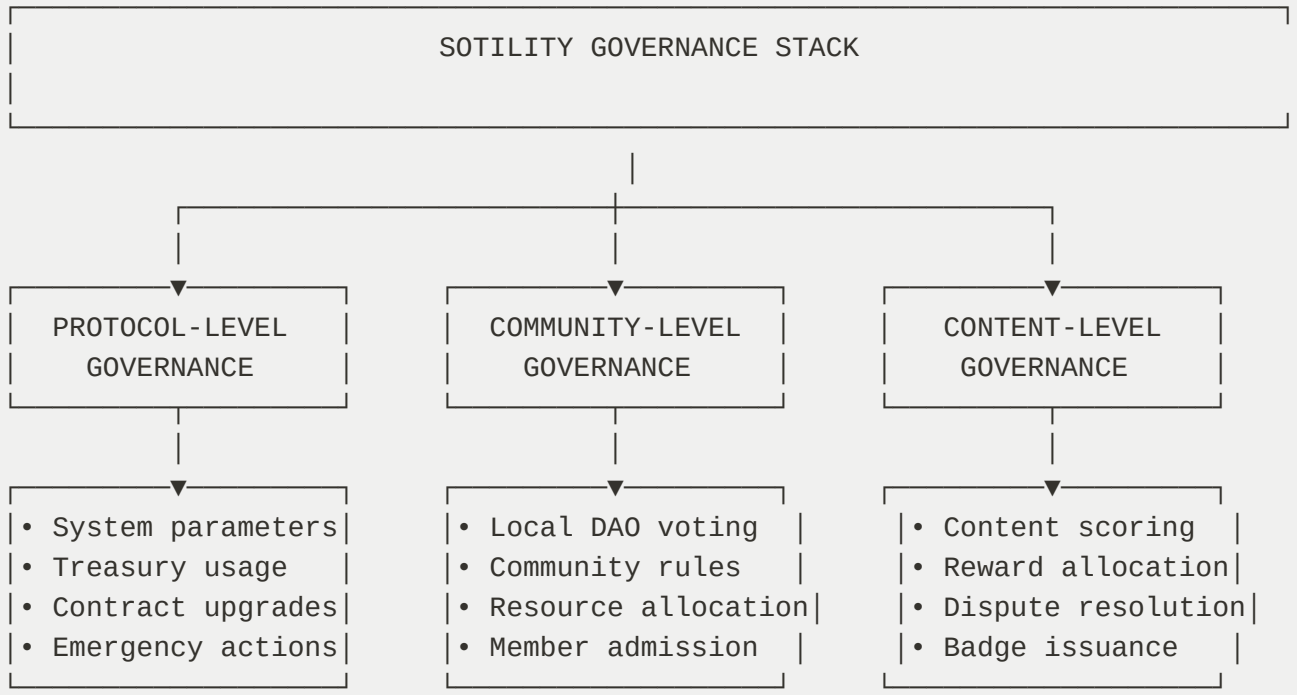

2. Decision-Making Process

2.1 Protocol-Level Governance Flow

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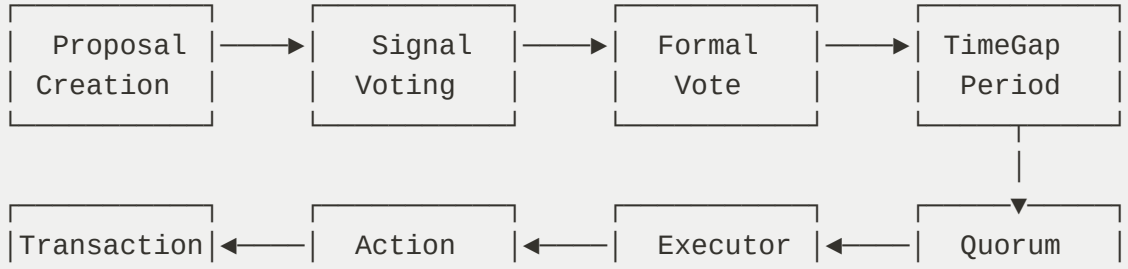

```
| Execution |     | Queueing  |     | Selection |     |  Check    |
└─────────────┘     └─────────────┘     └─────────────┘     └─────────────┘
```

Detailed Decision-Making Steps:

1. **Proposal Creation**
   - Created by any user with minimum threshold of veSOT tokens (locked SOT)
   - Must include detailed action plan, code changes, and impact analysis
   - Requires minimum of 100,000 veSOT to submit
2. **Signal Voting (Temperature Check)**
   - 3-day period for community feedback and modifications
   - Non-binding voting to gauge sentiment
   - Automatic advancement threshold: 55% approval with at least 5% of veSOT participating
3. **Formal Vote**
   - 7-day binding voting period
   - Vote weight determined by veSOT balance
   - Quadratic voting option for specific proposal types
4. **TimeGap Period**
   - 2-day waiting period before implementation (if approved)
   - Allows time for community to prepare for changes
   - Emergency proposals can bypass with supermajority approval
5. **Quorum Check**
   - Minimum participation requirements:
     - Minor changes: 5% of total veSOT
     - Major changes: 15% of total veSOT
     - Critical/emergency: 25% of total veSOT
6. **Executor Selection**
   - Technical implementation team assigned based on proposal type
   - For contract upgrades: MultiSig wallet controlled by Guardian Committee
7. **Action Queueing**
   - Actions are queued in the ProposalManager contract

- Timelock enforced for security
- Transaction parameters verified by off-chain validators

8. **Transaction Execution**
    - Automated execution after timelock expires
    - Results posted on-chain with transparency hash
    - Action completion events emitted

2.2 Community-Level Governance Flow

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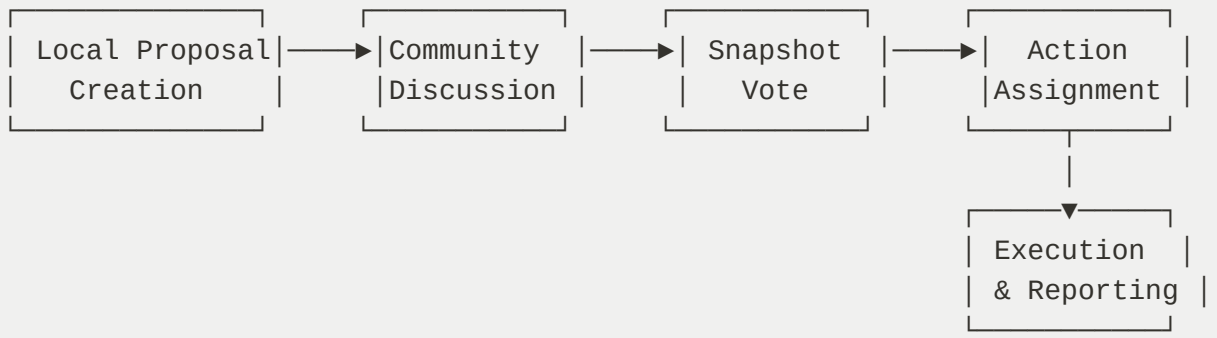

2.3 Content-Level Governance Flow

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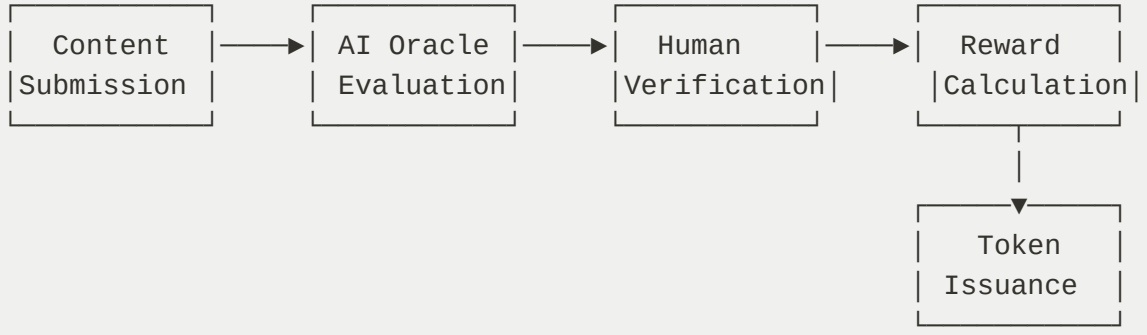

3. Governance Participants and Roles

3.1 Voting Rights Allocation

Participant Type	Primary Token	Voting Weight Formula	Scope of Authority
SOT Holders	SOT/veSOT	Base voting weight × lock time multiplier	Protocol-wide changes, treasury actions
Community DAO Members	Local DAO token	Equal voting rights per token	Community-specific decisions, local resource allocation
Content Contributors	SUG	Reputation-weighted impact score	Content validation, dispute resolution
Specialized Committees	Badge NFTs	Expert designation weight	Technical decisions, emergency response

3.2 Guardian Committee Structure

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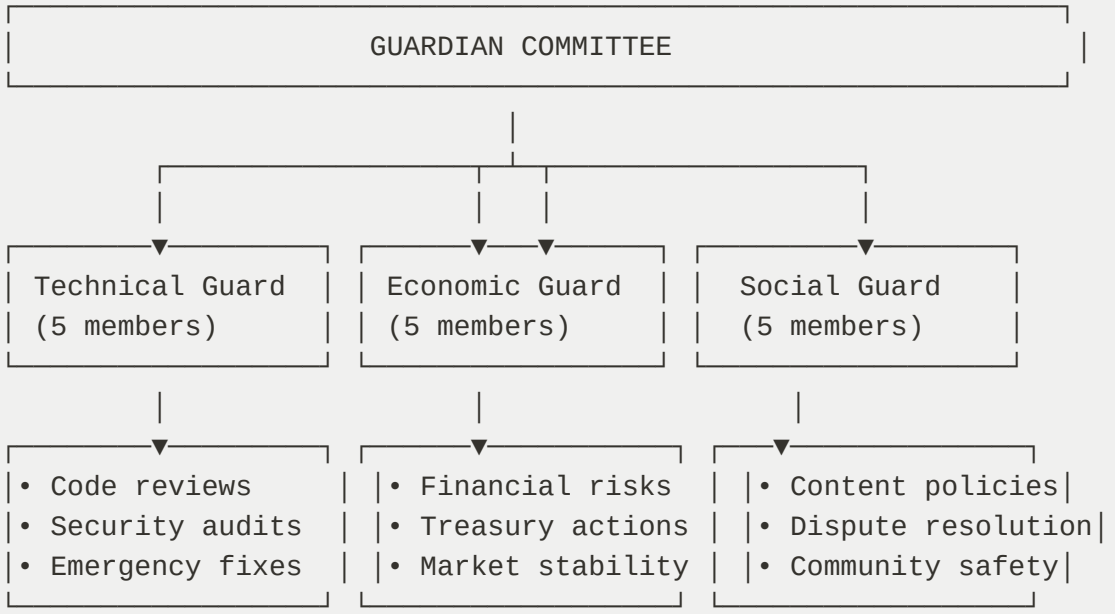

3.3 Delegation Mechanics

The Sotility ecosystem supports governance delegation:

- **Direct Delegation**: Token holders can delegate their voting power to trusted representatives

- **Fractional Delegation**: Voting power can be split among multiple delegates
- **AI Delegate Program**: Optional AI-assisted voting based on holder-defined preferences
- **Liquid Democracy**: Delegates can re-delegate received voting power (up to 2 levels deep)

4. Dispute Resolution Framework

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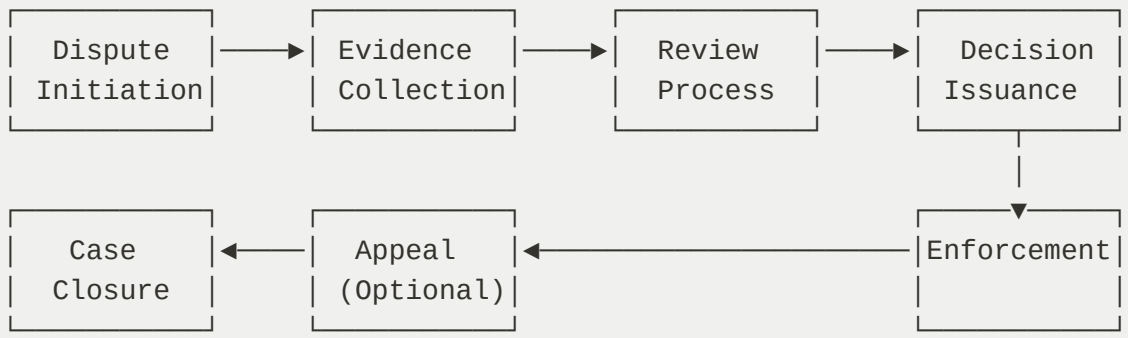

5. Incentive Alignment Mechanisms

The Sotility governance framework incorporates multiple incentive alignment mechanisms:

5.1 Long-Term Incentives

- Time-weighted voting (veToken model) rewards long-term commitment
- Proposal creators receive reputation badges for successful implementations
- Governance participation earns SUG tokens proportional to quality of input

5.2 Skin-in-the-Game Mechanisms

- Critical proposals require escrowed tokens from proposers
- Malicious proposals can result in forfeiture of escrowed tokens
- Security committee members stake tokens against their decisions

5.3 Reputation-Based Influence

- Contribution history impacts vote weight through on-chain reputation
- SoulBound tokens representing expertise increase influence in specific domains
- Successful proposals increase creator's influence weight for future governance

6. Progressive Decentralization Roadmap

The governance system will evolve through three distinct phases:

Phase 1: Foundation (Months 0-6)

- Core team retains admin keys for rapid iteration
- Guardian Committee reviews all significant changes
- Community proposals are advisory only

Phase 2: Delegation (Months 7-18)

- Admin functions transferred to timelock contracts
- Multi-sig guardian committee has veto powers
- Community voting becomes binding for predefined domains

Phase 3: Autonomy (Months 19+)

- Full on-chain governance for all protocol parameters
- Guardian committee transitions to elected positions
- Emergency powers limited to extreme circumstances with super-majority approval

This progressive approach ensures stability during early development while establishing full community ownership as the ecosystem matures.