

Governance V2 Draft Proposal

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Simple Summary

This proposal modifies Illuvium's governance structure. The proposed structure consists of specialised sub-councils and a central council for improved scalability and decentralisation.

Abstract

The proposed new governance structure for Illuvium addresses issues such as lack of communication, lack of team input and council members making decisions outside their expertise, and prioritises decentralisation by implementing sub-councils for specific segments of governance.

Overview

Introduction

After reviewing different protocols and their preferred governance structures, the proposed structure is believed to be better suited in representing the Core Contributors, Founders, and Community alike. This structure will aim to be implemented for the next epoch election.

Definitions

“\$ILV Holder”	- Any person who holds at least one (1) \$ILV
“CC”	- Core Contributor of Illuvium Labs including Team Admins
“Council”	- Refers to the Illuvinati Main Council, Sub-Council, and Committee
“Council-NFT”	- Refers to a Non-Fungible Token given to elected-IMC members for voting purposes
“CTO”	- Chief Technology Officer
“DAO”	- Decentralized Autonomous Organization of Illuvium
“GCM”	- Governance Community Manager
“ICCP”	- Illuvium Configuration Change Proposal



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"IIP"	- Illuvium Improvement Proposal
"IMC"	- Illuvinati Main Council
"NDA"	- Non-Disclosure Agreement
"RMC"	- Risk Management Committee
"Stakers"	- Refers to \$ILV holders who are staked at the time of the snapshot
"Team"	- Refers to Illuvium Labs
"Team Admin"	- Refers to the Team Members holding the Team Admin Role in Illuvium's Discord
"vILV"	- Refers to the value of a staker's quadratic \$ILV for voting purposes

Sub-councils

Instead of having one council, (currently Illuvinati Council) the DAO will instead be represented by an Illuvinati Main Council (IMC) composed of members from each of the four(4) sub-councils and committee. The four sub-councils are: (1) **Game**; (2) **Marketing**; (3) **Strategy**; (4) **Community**. In addition to the sub-councils, the Treasury Committee and Risk Management Committee will advise the DAO, and the Team Admin will serve on the IMC.

- **Treasury Committee**

- Composition:
 - Chief Financial Officer
 - 1 CC with at least over 1 year tenure
 - Appointed Advisor - External to the team
- Duties & Responsibilities:
 - Propose, ideate, revise or recommend all finance-related IIPs or ICCPs that has an expenditure of more than Two Million USD (\$2,000,000.00) over a specific period



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- Manage Treasury, Payments, Partnerships, Strategy and Deal Flow, Council Payments
- Recommend annual budget
- Update IMC and relevant sub-councils on forecast, runway, and treasury
- Advise IMC and relevant sub-councils on all financial related matters and provide an impartial viewpoint of financial risks.

- **Risk Management Committee**

- Composition:
 - 1 Member from the Treasury Committee
 - 1 CC from the leadership of the Legal function
 - Appointed Advisor - External to the team
 - In addition to the above 3 member committee, attending RMC meetings shall also include
 - 1 IMC member as a liaison to the RMC
- Duties & Responsibilities:
 - Advise IMC and relevant sub-councils on all risk and regulatory related matters
 - Stay abreast of new regulations that may impact the DAO, establishing or maintaining appropriate connections to legal, regulatory, or financial experts external to the DAO
 - Provide an impartial view of the global risk landscape in financial, legal, and other regulatory matters.
 - Document confidential guidance to the IMC, and hold the IMC members and collective body accountable for decisions, such as proposing vote(s) of no confidence against member(s) if deemed necessary
 - Facilitate design, development and implementation of a bespoke risk management and compliance framework.
 - Meet at least monthly to highlight new or changed risks, and prepare a brief to be communicated to the IMC to ensure they are informed of such risks.

- **Community Sub-Council**

- Composition:



- Five(5) \$ILV Holders/Stakers elected by the community
 - Recommended Experience:
Potential Candidates should be very familiar with most standard forum and discussion protocols and documentation tools especially those used in Web 3. This can include things like Discord, Telegram, Notion, Gitbook, Medium and so on. Being able to moderate and properly digest discussions from the community is important to be able to understand and distill their thoughts when including it in council discussion.

Prior experience in Discord moderation, community management, general leadership roles and any general communications experience is all very helpful. The ability to communicate effectively with the community and use their feedback to inform your own decisions is crucial for the role.

- Duties & Responsibilities:
 - Assist community in ideation, creation and formatting of IIPs.
 - Review and direct IIP/ICCPs to relevant sub-councils.
 - Responsible for ensuring understandability and accessibility of Illuvium's governance processes in consultation with the community.

- **Strategy Sub-Council**

- Composition:
 - Four (4) \$ILV Holders elected by the community
 - Recommended Experience:
Potential Candidates should understand the core fundamentals of Crypto and DeFi so that they can better assist the DAO in crucial discussions regarding inter-game economics and potential DeFi products. Crypto is a complex technology and it is fundamental that candidates understand how to best utilize it for the benefit of Illuvium. Some understanding of interpreting analytical data and knowledge of a variety of different monetisation tools in gaming and beyond



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are helpful in maximizing the potential of the Illuvium ecosystem.

Prior experience in Finance and Business may be helpful in understanding the best ways to drive the DAO forward as it continues to grow as a studio. Most importantly the ability to research and understand Web 3 trends in monetisation and user-acquisition is crucial to maximizing the potential of the DAO.

- One (1) Team Member appointed by the Illuvium Team to serve on this sub-council
 - Duties & Responsibilities:
 - Propose, ideate, revise, recommend or reject all strategy-related IIPs or ICCPs including but not limited to DeFi products, whitespace gaming opportunities (outside of existing products), Inter-Game economics, Monetization, Governance
- **Game Sub-Council**
 - Composition:
 - Four (4) \$ILV Holders elected by the community
 - Recommended Experience:
Potential Candidates should be passionate about gaming to a level that exceeds simply playing video games. The ability to be critical of video games in both their successes and failings is an important component of the role. Candidates must be able to recognise key gameplay elements that make games fun and engaging and the underlying economies of games. The ability to effectively research different games and genres and other major Web 3 games is beneficial. Awareness of factors that enable broad and diverse engagement of gaming is encouraged, with the ability to make recommendations that appeal to



various demographics, such as age, budget, geography, gender, etc., while understanding the broad impact such changes may have to the overall player base.

Prior experience in computer science and game design may be advantageous in understanding the general production pipeline of gaming studios.

Understanding the core concepts of game development is necessary to ensure identification of potential break points in proposals for Illuvium game fundamentals.

- One (1) relevant game design Team member appointed by the team to serve on this sub-council

- Duties & Responsibilities:

- Propose, ideate, revise, recommend or reject gameplay related proposals.
- Steer all game-related IIPs or ICCPs including but not limited to Intra-Game elements across the full suite of Illuvium game products, including:
 - Balancing
 - Content Ideas
 - Intra-Game economics
 - All Gameplay Decisions

- **Marketing Sub-Council**

- Composition:

- Four (4) \$ILV Holders elected by the community

- Recommended Experience:

Potential Candidates should be familiar with marketing in some capacity whether that be from previous industry experience or from building their own personal brand. It is preferable that they have some knowledge of existing Web 3 infrastructure and either have or can create powerful Web 3 networks. These Web 3 communications are the driving force of



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partnerships in Web 3 gaming and being familiar with the ecosystem as a whole is important.

Candidates that have some prior experience in marketing, journalism, communications and business may have an advantage in being able to bring partnerships to Illuvium. However it is most important that they have strong communication skills and have no problem building relationships in the Web 3 space.

- Head of Marketing or equivalent appointed by the team to serve on this sub-council
 - Duties & Responsibilities:
 - Propose, ideate, revise, recommend or reject all marketing related IIPs or ICCPs including but not limited to Marketing Opportunities, Product Marketing Budgets, Strategic Events, External Partnerships, Guild/Infrastructure Relationships

Sub-Council Requirements:

All members of the IMC and Sub-Council must hold or stake at least one (1) \$ILV.

Each Council shall meet at least twice (2) a month and shall be responsible to take minutes of the meeting. Team members must have a relevant CC representative attend as proxy should there be any conflict or exigent circumstances preventing the designated CC to attend. IMC representatives must have a sub-council member attend IMC meetings as a proxy if they are unable to attend meetings.

Council members will be required to sign legal agreements prepared by the Illuvium Legal team, to ensure security and confidentiality. Failure to sign these documents would disqualify the individual from service, and the candidate receiving the next highest number of votes would then be selected. See Appendix A(3).



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Illuvinati Main Council (IMC)

- The Highest Council
- 1 Team Admin*
- 1 Sub-Council member from Marketing, Game, Strategy, and Community. Each respective sub-council will elect one of their members to serve on the IMC.**

*See Appendix A (5) **See Appendix A(3)

- All sub-council members and IMC members will be sent Council-NFTs.
- Following sub-council elections, a Snapshot or equivalent vote will be held within each sub-council to determine the sub-council's IMC representative.
- In order to ensure decentralization, the Team Admin will be the only Core Contributor sitting on the IMC.
- To assist the Council in decision making regarding IIPs/ICCPs and general DAO legal implications, the internal Legal team or other appropriate advisors may be requested to attend and advise on potential ramifications of council matters.

Official Meetings & Communication Plans

The GCM will attend initial sub-council meetings to help be a bridge with the community and team in cooperation with the appointed CC. Both shall assist in the onboarding of the new members and council formation. The sub-councils will be provided a meeting and communication management toolkit, and will plan their own meetings. One sub-council member per sub-council will be appointed to take notes on the meetings. Once the notes are finalized and approved by the respective council they will be published on Discord.

Councils can request high-level team members attend any meeting. The GCM shall facilitate scheduling to ensure attendance of the requested team member.

Payment to the Councils

Community elected council members will be provided a stipend of \$1,500 per month of service. IMC members will receive an additional \$1,500 per month, for a



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total of \$3,000/month. This payment shall be provided every three months and made in \$ILV, in accordance with IIP-25. Total compensation for all councils is \$30k of \$ILV per month. See Appendix A(1).

A sub-council member may be removed by a Vote of No Confidence and will forfeit pay not yet received for the epoch.

See Appendix A(4).

Length of an epoch

Council members will serve a 6-month term to ensure stability and effective use of resources. This term length may be adjusted in future proposals if necessary.

Nomination Process

All voting will be done simultaneously. Each nominee can only be nominated for one sub-council, and must answer a questionnaire relevant to their selected sub-council.

The nomination timeline starts at the beginning of the final month of the current Epoch and ends prior to the last day of the Epoch.

Example: For an Epoch ending January 1st:

2 Week Nomination Period Opens Dec 1st →

1 Week Prep for Voting Setup begins Dec 14th, Interviews, & Deliberations →

1 Week Voting Period begins Dec 21st →

New Council Elect is known Dec 28, takes office Jan 1st

See Appendix A(2).

Voting Process

The voting will be conducted using Quadratic Voting, where stakers in the protocol have Voting rights to elect sub-council members. The Community Council will seat five community members, while the Game, Strategy and Marketing Councils will seat four community members. This mechanism aims to reduce the power of large \$ILV holders and promote fairness. Team members may not run for an elected position on a sub-council.

Proposal Process

Proposals may be initiated by any ILV Holder or Staker. Proposals are subject to a sentiment vote by community members. If a proposal reaches 30 approval votes



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from the community over a 14 day period then it elevates to the Community Council. Once the Community Council has voted the proposal is routed to relevant sub-councils at the next Tier in the event of an affirmative vote, or is discarded if rejected by the vote.

In order for a proposal to progress from a Sub-Council to the Illuvian Main Council, the proposal requires majority approval from at least one relevant sub-council. For proposals to be approved by the Illuvian Main Council they must achieve 3 affirmative votes to gain approval. Once the IMC approves a proposal the team must implement the change and the GCM and/or Sub-Councils will keep the DAO updated on progress.

Each Sub-Council can recommend that they are the solely impacted aspect of the organization and thus have full jurisdiction over a specific proposal. The IMC representative from that Sub-Council can make this recommendation to the IMC, and if documented alignment is provided by at least two other IMC members, the vote to approve or reject a specific proposal will occur at the Sub-Council level. In such cases, a formal vote will occur with the five members of the Sub-Council, and must achieve 3 affirmative votes to gain approval.

A formalized process as well will be laid out in IIP-Forum on Discord:
[☰ Stages of an IIP from idea to approval v2](#)

Transitional Period from v1 → v2 Governance

Once this IIP is approved it will greenlight technical development to be completed by the team. Once the team indicates development is within 45 days of completion, an ICCP must be passed to start a 45 day transition period. On day 5 the nomination window will open, closing on day 20. Then on day 25 the voting period would begin. On day 30 the voting would be completed. The newly elected sub-councils would meet over the next 10 days and elect the Illuvian Main Council, which would be named by day 40. On day 45, we would dissolve the existing v1 council at which point the new sub-councils and structures would be officially in place.



The word "ILLUVIUM" is written in a bold, black, sans-serif font. The letter "I" is unique, featuring a vertical stem with two jagged, upward-pointing edges, giving it a sharp, crystalline appearance.

Organigram

Rationale

The new version of governance aims to improve decision-making by empowering qualified individuals and ensuring community representation. This includes creating a Treasury Committee for financial decisions and appointing experts to relevant councils. The Community Council will review IIP/ICCPs to ensure community input is at the core of Illuvium's structure

Test Cases

N/a



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Appendix A: Clarifications

(1) Council Payment

- a) Serving on a sub-council will be deemed part of a Core Contributor's role on the team, and thus will be an unpaid position.
- b) All elected, non-core contributor community members will be compensated \$1,500 USD per month for their service to the DAO.
- c) In addition to subsection b), all elected non-core contributor community members serving on the IMC shall be paid an additional \$1,500 per month.
- d) All payments will be determined in accordance with IIP-25, excepting the amount paid, to which this proposal shall take priority.
- e) Payments in \$ILV will be transferred to an Ethereum network compatible wallet address provided by the council member.
- f) Should the council member resign or be removed from the role by a vote of no confidence, no payment shall be issued for the preceding quarter.

(2) Nomination Process

One and a half months prior to the end of each epoch, the nomination process shall begin for the following epoch. This will be facilitated by the GCM.

A forum will be created in Discord where community members can publicly nominate themselves as long as they are an \$ILV holder or staker. When nominating there will be a form provided that allows the nominee to choose a specific sub council they wish to represent. If they submit their candidacy for multiple sub councils they will be requested to determine their preference which is the only one they will be nominated for.

This official form requires the following:

1. Confirming their acceptance of their nomination
2. Designating a sub council they wish to run for
3. Their official 300 word candidate statement/bio
4. Willingness to disclose their identity to the GCM.
5. Willingness to sign any necessary legal forms required by the DAO upon taking office.



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6. Willingness to affirm acceptance of the Council Code of Ethics
7. Responses to 5-10 questions that pertain directly to that sub councils required experience/duties. This will be made public during the voting process.
8. (Optional) . A self recorded video 5 minutes or less, or a video interview on governance topics, explaining why people should vote for them.

Expectations of A Council Member

Before The Election - Candidate Identity Disclosure

In order to successfully qualify for the Illuvium election ballot as a community member, there is an expected disclosure of identity and/or qualifications to effectively serve the DAO. While the blockchain space has long been associated with anonymous engagement, Illuvium strives to be different to facilitate the highest level of trust to its community.

The structure of Governance V2 is designed to ensure the most qualified, most informed individuals are positioned to make decisions for the DAO.

Upon accepting a nomination for Illuvium election, each candidate will be expected to provide their identity to the GCM. The candidate must be willing to have a brief conversation with the GCM via Discord (or other similar) chat system, including voice and video. For certain positions, additional information may be requested to confirm qualifications if running on a platform of unique professional experience.

It is understood that complete public disclosure may be harmful or undesirable to a candidate. Therefore, disclosure of identities will be kept confidential if desired by the candidate. Establishing trust and transparency remains at the center of how Illuvium operates, and the community must be able to trust that candidates on the election ballot have undergone sufficient vetting to qualify for these critical positions.

Before and Following The Election - Non-Disclosure Agreement

For both the protection of the DAO and the elected individual, prior to participating in any council meetings or activities, each individual must sign a non-disclosure agreement and other documents prepared by the Illuvium Legal team. To serve the DAO effectively, making decisions requires access to all relevant information, which at times may include information that is not accessible or shareable with the public. Therefore, the first action of a newly elected council member will be to sign the designated paperwork.

Elected individuals will receive this documentation in advance of confirming their acceptance of a nomination. Upon accepting their nomination, they must confirm that, if elected, are willing to sign the



documents as presented. Upon being elected to a council position, they must sign the required documents within 3-days of taking office. At the end of the 3-day period, the council member-elect must either submit a signed copy of this document to the GCM, or officially announce their resignation from the position. Minor accommodations can be made if the council member is unavailable during the period immediately following the election, though the documents must be signed prior to any participation in council events.

In the case of resignation, the candidate receiving the next highest number of votes will be considered the new council member elect, and receive the documents for their review.

Failure to uphold this agreement may result in legal action.

During Council Service - Meeting/Vote Attendance & Participation

During service to the DAO, active participation is critical to fulfilling the duties for which the individual is being compensated. This includes but is not limited to attending and actively participating in all relevant council meetings, appropriate engagement within the community (most commonly through Discord), sharing thoughts and rationale for decisions following any vote, and engagement in public debates, particularly in the relevant Discord channels (such as Ideas, #iip-iccp-discussion or sub-council specific channels).

Meetings will be held in Discord (or equivalent technology) chat, utilizing voice. Every council member must be willing to use voice chat, as text only engagement does not fulfill the responsibilities set forth by the DAO for council governance.

Meeting times will be determined during the first meeting of a new epoch by the council. As a global organization, time zones can be a significant challenge. If members of any council are sufficiently spread globally, a “share the pain” strategy shall be applied, with two or more standard meeting times determined and rotated through to ensure the burden of difficult meeting times are distributed and not unfairly burdening a single council member.

A mandatory attendance of all bi-monthly meetings, and participation in all votes shall be expected. The GCM or delegated meeting facilitator shall take attendance at each meeting and share participation as part of the public meeting notes.

If unable to attend a meeting, the council member will be expected to provide their thoughts or notes in advance to the community manager, or other delegated council member.

Ongoing failure to fulfill participation or attendance requirements may result in a Vote of No Confidence. A Vote of No Confidence may be initiated by the community or a sub-council member. (See Appendix A4)

For subsequent elections, as part of the candidate’s election profile, their attendance and voting statistics (as % participation) shall be published by the DAO.

Ongoing Even Beyond Elected Service - Illuvium Council Code of Ethics

Service as a council member is an honor and a privilege. Above all, individuals selected to serve must remember they are doing so as a servant to the DAO, upholding and advocating for the long-term success of Illuvium above their own financial or other benefits. Community members look to the council as their delegated representatives, and this status extends beyond merely the time actively serving on the council. As such, the Illuvium DAO sets the following expectations of a council member.



1. *Illuvium Above All* - I shall serve the DAO, putting the long term interests of Illuvium above my own personal interests
 - a. I shall disclose any potential conflicts of interest, and assure the DAO that in service to Illuvium, these conflicts shall not supercede acting in the best interest of Illuvium
2. *Obey the Law* - As a global organization on the cutting edge of GameFi, regulations may not yet be clear in all instances of how to operate. I will defer to experts designated by Illuvium, ensuring my beliefs or opinions do not interfere with the interpretation aligned to by the DAO, particularly in public communication. As such, I will designate public communication as solely my opinions and not the interpretation of the DAO, always remembering that my elected position holds a responsibility and connection to Illuvium.
3. *Respect the Community* - As a DAO, Illuvium draws strength from its community. I shall represent myself publicly in a manner adhering to the Discord Server Rules, particularly regarding to Rule #5 - Harassment.
4. *Respect the Council* - While heated discussions may occur within council chambers, I will remember this code of ethics and that each individual is also bound by these guidelines, and I will assume good intent in service to the DAO.
5. *Uphold Transparency* - Illuvium has always been centered around transparency. As an official servant to the DAO, I will continue this core principle. Publicly, I will share my decisions and opinions, and I will support my fellow council members as they share theirs, which may differ from my own. I will always maintain a professional tone with support and respect to those with other perspectives.

In addition to confirming their willingness to sign the legal agreements prior to officially accepting a nomination for council, each candidate must also consent to the above Code of Ethics. Failure to do so will eliminate eligibility to be placed on the council ballot.

Declaration of Sub-council

Each candidate may run for a single sub-council. One week prior to the start of the election, each candidate must declare their final sub-council choice.

The GCM shall maintain a publicly available list of individuals who have officially accepted their nomination, and a preliminary ballot with candidates for each sub-council. In order to ensure distribution of candidates, this list will be updated on a regular basis, and candidates are eligible to move to another council, and all members of the community are encouraged to discuss the potential composition of the council to ensure quality candidates are nominated for each of the four sub-councils. If a candidate chooses to switch from their current subcouncil nomination, they can do so up to 1-week prior to the start of the election by contacting the GCM.

(3) Voting Process

Sub-council positions shall be elected by \$ILV stakers through an appropriate online forum, such as Snapshot.

Elected positions include all community positions on sub councils indicated here:

Community Council - 5 community members (no restrictions)

Game Council - 4 non-core contributor members



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Marketing Council - 4 non-core contributor members

Strategy Council - 4 non-core contributor members

These 17 positions will be elected every 6 months.

All stakers of \$ILV will be eligible to vote. Each \$ILV staker will have the option to cast a single vote for one nominee for each sub-council. \$ILV stakers will be eligible to cast a single vote in each of the following categories.

- Game Council member
- Community Council Member
- Marketing Council Member
- Strategy Council Member

In total, each \$ILV staker will be eligible to cast up to 4 votes.

Quadratic weighting will be used to determine the voting power for each vote, where the number of votes cast (vILV) shall be the square root of the number of \$ILV tokens staked by that wallet at the time of a snapshot prior to the vote. This will include the represented \$ILV in the sushi liquidity pool token in addition to claimed, vesting \$ILV. Unclaimed staking rewards or unclaimed revenue distribution \$ILV shall not be considered in determining voting power. The full quadratic voting power of the wallet shall be applied to each vote cast in the election, up to one vote per subcouncil.

Example: \$ILV Holder 1 has a total of 4 \$ILV in their wallet. They choose to vote for one candidate in each of the four subcouncils. Holder 1 shall therefore cast a vote of weight vILV = 2 (square root of 4 \$ILV = 2 vILV) for each candidate.

\$ILV Holder 2 has a total of 9 \$ILV in their wallet. They decide only to vote for a candidate in the community subcouncil. Their vote will hold weight = 3 vILV (square root of 9 \$ILV = 3 vILV) for that candidate.

Tie Breaking procedure for Illuvinati Main Council

The IMC shall be composed of five members: The Team Admin (See Appendix A(5)), and one member selected from each of the Game, Community, Marketing, and Strategy subcouncils. Members of each subcouncil will hold an election during their first meeting of the epoch, moderated by the GCM to select who among them will serve on the IMC. This election will be held via Snapshot or other equivalent platform. Each council member shall cast one vote. This vote CANNOT be for oneself. The individual receiving the greatest number of votes will be appointed to a 6-month term on the IMC. The following process will be followed:

1. An election is held to elect community members to serve on each sub-council.
2. A sub-council member may opt-out of serving on the IMC if they choose to. The sub-council member will make it clear prior to the election for IMC representative that they do not wish to be eligible.
3. Within each sub-council, a vote shall be held for which member will serve on the IMC. This vote will be facilitated by the GCM.
 - a. Councilors may not vote for themselves.
 - b. Team members serving on sub-councils are not eligible to sit on the IMC.



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- c. Election by Snapshot or equivalent vote.
- d. The individual receiving the greatest number of votes is appointed to the IMC.
4. In the event of a tie, the individual with the most votes in the sub-council election will sit on the IMC.

(4) Vote of No Confidence

Originated in [IIP-12](#), there is a mechanism of removing a non-performing council member. This section will extend and clarify the process and specifics for a Vote of No Confidence.

The purpose of a vote of no confidence is to remove a council member who is not performing their duties or meeting the community's expectations and/or the sub-council role expectations. A Vote of No Confidence may be initiated by the community (ILV holders and stakers) or the IMC.

Process:

1. Sharing of Evidence

If originating from the community, a community member may post evidence against the accused council member, including voting history, meeting attendance, comments made by the accused council member not in line with the Illuvium code of ethics and any other evidence indicative of a council member's failure to fulfill their expectations.

If originating from within the council, any sub-council member may request their IMC representative present evidence to the IMC about the accused council member, including voting history, meeting attendance, comments made by the accused council member not in line with the Illuvium code of ethics and any other evidence indicative of a council member's failure to fulfill their expectations. This evidence shall be made public by a member of the IMC prior to the initiation of a vote of no confidence, to ensure ILV stakers are sufficiently informed on the grounds for the vote of no confidence.

2. Defense

Upon initiation of a vote of no confidence, the accused council member may make a statement in their defense, explaining their position and providing evidence that may excuse the behavior in question.

3. Initiation of vote

A vote of no confidence may be initiated by the community or by the IMC at the discretion of a sub-council representative.

- Community initiation: A vote of no confidence may be initiated by the community by obtaining support from 50 verified ILV holders and stakers (via Discord proposal).
- IMC initiation: A vote of no confidence may be initiated by the IMC. A vote of no confidence may be against any sub-council or IMC member, based on presented evidence.

4. Voting period

Once initiated, a vote of no confidence will be conducted on Snapshot. ILV stakers will have 7 days to



vote on the motion. Voting power will be calculated by normal vILV processes. (i.e. vILV will be calculated quadratically)

5. Outcomes:

Majority Vote: If a majority of participating ILV stakers vote in favor of the motion, the accused council member will be removed from the council immediately. The accused council member will be replaced by the process outlined in “Replacement of a Removed Council Member”, and an additional vote may be held within the affected sub-council for a new IMC representative. Per the council compensation guidelines (See Appendix A(1)), if a council member is removed in this manner, the accused shall receive no compensation for the previous quarter (period since the previous compensation or beginning of the epoch) where they were found to not be fulfilling the requirements of the role.

Minority Vote: If a majority of participating ILV stakers do not vote in favor of the motion, no action shall be taken.

Replacement of a Removed Council Member:

A removed council member shall be replaced if more than 60 days remain in the current governance epoch. If less than 60 days remain in the current epoch, the sub-council shall operate until the end of the epoch with 4 members. The process for replacement shall be as follows:

1. The 5th place nominee from the previous sub-council election shall be contacted, if that nominee is interested in the role, they shall replace the removed council member.
2. In the event the 5th place nominee from the previous sub-council election is no longer interested in the role, the 6th place nominee shall be contacted. If that nominee wishes to fulfill the role, they shall replace the removed council member.
3. If neither the 5th nor 6th place nominees are willing to sit on the sub-council, a special election shall occur. A 7 day nomination period will be initiated by the CGM, followed by a Snapshot (or equivalent technology) vote, with the most voted nominee assuming the vacant sub-council position.

Rationale:

It is imperative that the DAO be able to operate in a decentralized fashion, and part of that is ensuring ILV stakers have recourse to take action against underperforming elected council members.

Additionally, sub-councils are more likely to identify underperforming fellow council members prior to the community, and can take action to remove such council members.

(5) Definition of Special Roles

Role of the Team Admin



Through Governance V1, it became apparent that a Core Contributor serving on the council is a necessity. To maintain the ethos of decentralization and empowerment of the community, the team should never have a majority control of the council. Therefore, it is essential that Core Contributors always retain a minimum of one position on the IMC. This elected position is the Team Admin.

The Team Admin will be elected by the IMC in a vote. The critical requirements of this position include

- Having sufficient visibility to all areas of the Illuvium team's work to be able to represent that to the IMC
- Serve as a connection point (in conjunction with the GCM) to bring in resources to provide key information with the IMC
- Represent critical legal/regulatory issues to ensure representation, provide awareness of sensitive topics to other council members, and ensure appropriate language is used in public communication (in coordination with Illuvium's legal team)
- Have sufficient time to participate at the same level as elected individuals, potentially with an even greater ability to ensure consistent meeting attendance (>75%) due to the critical nature of sharing internal information with other council members
- Serve as a key conduit of information between the team, council, and community.

Role of Governance Community Manager

Initially outlined in [IIP-12](#), the Illuvium team shall provide a Community Manager to manage all issues related to governance.

Community Visibility

- The Community Manager shall monitor the community's views on governance issues and inform the appropriate sub-Council of such issues as needed.

Council Meeting Facilitation

- The Community Manager shall make a reasonable faith effort to schedule official meetings so that every Council member can attend. Official meetings shall be conducted within the Illuvium Discord channel.
 - Under the new structure, the GCM shall be responsible for scheduling all sub-council meetings.
 - Illuvinati Main Council
 - Strategy
 - Game
 - Marketing
 - Community
- The Community Manager shall make a reasonable effort to prepare and circulate an agenda reasonably before each official meeting, as well as preparing the council to manage agendas and facilitate meetings with independence.
- After each official Council meeting, the Community Manager shall prepare a draft report, publicly sharing relevant meeting notes with the community to maintain as much transparency



as possible. This responsibility can be taken on by the council itself as well, though the Community Manager will maintain accountability to push the council if necessary.

- This report shall contain (i) a description of when and how the meeting was conducted; (ii) a roster of attendees (including indication of those absent from the meeting); (iii) an agenda of items discussed at the meeting and (iv) a summary of the disposition of each agenda item (e.g., approved, disapproved, tabled for a later date).
 - The Community Manager shall maintain a record of attendance and vote participation of each council member.
- The Community Manager shall send the draft report to each Council member for their review and comment. The Community Manager will incorporate any comments received and send revised draft reports to each Council member.
- The Community Manager shall publish the final report on the governance section of the website and any other channels they deem helpful to the community (e.g., on Discord). Unofficial meetings among Council members shall not require the drafting or publication of a report.
- Particularly for the Community sub-council, the Community Manager will serve as a conduit to the core contributors, representing key issues with team perspective, or inviting appropriate team members not on the council to attend to ensure a quality, informed discussion.

Election Facilitation

- The Community Manager shall be responsible for organizing and managing Council elections with the assistance of the Illuvium team.
- The Community Manager will publish the attendance and voting participation record for past council members.
- The Community Manager will work with other team and community members to provide visibility to each candidate, ensure publication of candidate statements, qualifications, and be responsible for public events such as debates and interviews with the candidates. This work may be delegated as necessary, though the Community Manager will be accountable for this work occurring.
- The Community Manager will be responsible for ensuring all potential candidates agree to Governance V2's terms of service to the DAO, including each candidate's agreement to appropriate identity disclosure, willingness to sign the required NDA, and agreement to the Code of Ethics.

Subcouncil Election Facilitation

- The GCM will also be responsible for facilitating the election of the IMC during the first meeting of each sub-council.
 - The GCM will be responsible for ensuring this election is held as outlined in Governance V2, particularly that candidates cannot vote for themselves.

A new IIP may be written in the future to expand on the GCM's duties as needed to facilitate the Council's effective governance of the community.



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(6) Emergency Proposal Process

Definition and Scope

In most instances, proposals for the Illuvium DAO shall follow the above process, progressing from the broader community to the Community Sub-Council, and then to one of the other sub-councils. However, there may be rare instances that require the DAO to act with greater urgency. Examples of proposals requiring greater urgency will most often involve significant financial implications, such as a bug or exploit requiring immediate action, or other situations involving legal or reputational matters that must be addressed with urgency to avoid significant or lasting damage to the DAO. This governance structure shall be considered a replacement of the eDAO (Executioner DAO) as defined in the Illuvium whitepaper, and shall render the eDAO inactive. The IMC will assume the responsibilities previously allocated to the eDAO, by the processes outlined in this proposal.

Communication and Initiation of Action

Should such a critical issue be identified, the identifying party should immediately report the situation as outlined here. Presuming this issue is deemed an emergency, two parallel paths of action will be initiated immediately. First, the appropriate technical staff (often team members) must convene to identify potential solutions to remediate the situation. Secondly, the IMC must be alerted to the issue, and prepare to vote on identified solutions. A verbal vote may be taken in the interim to enable the technical implementation of the solution/remediation with greater urgency, which is to be followed by a formal electronic vote.

When such an emergency vote is to occur, the voting period will open as soon as potential solutions are identified, and will last for a period of three days, or until three affirmative votes are received, whichever occurs first.

Given the likely instances of emergency situations to involve financial implications, the Treasury Committee, particularly the Chief Financial Officer should also be present at these meetings to provide guidance to the IMC.

Expectations of the IMC

In order for the IMC to be prepared for such situations, upon accepting their role, emergency contact information should be shared with each other, facilitated by the GCM. It is also highly recommended



that voting NFTs are held on a non-hardware wallet to aid ability to vote quickly and avoid instances where the IMC member is not able to vote in such an emergency.

Implications of Initiating Emergency Proposal Process

Application of this emergency voting process should be limited to instances where the failure to take immediate action will cause significant financial or reputational harm to the DAO. Circumventing the lower sub-councils and community feedback is not taken lightly, and misuse of this expedited process should be met with community review and potential Vote(s) of No Confidence if deemed not necessary or in the best interests of the DAO.

Flow chart of Emergency Proposal Process

1. A issue is identified that may require immediate action to avoid significant financial or reputational damage to the Illuvium DAO
2. The individual who identifies the issue should alert the appropriate parties
 - a. If the identifying individual is a CC, they should immediately raise this issue to:
 - i. the appropriate technical team members
 - ii. the governance community manager
 - iii. the IMC
 - iv. the CFO or lead of the Treasury Committee
 - b. If the identifying individual is a community member, they should immediately raise this issue via Discord, tagging the GCM and the IMC and Treasury committee (TC) simply stating "@GCM + @IMC + @TC – I have identified a significant issue that requires your immediate attention." A private thread shall be created to gather additional necessary information. Further technical team members will likely be added at this stage.
 - i. Community submissions may be eligible for payment through Illuvium's bug bounty program. Details of this program are available here.
<https://immunefi.com/bounty/illuvium>
- c. Regardless of the role of the individual identifying the issue, the sensitivity of the situation must be respected and all informed individuals must not publicly share additional information to avoid unnecessary further exploitation.
3. The GCM should convene all necessary parties, sharing information on a "need to know" basis, beginning two separate workstreams
 - a. The appropriate team members will be convened to identify potential solutions
 - b. The IMC and TC shall be altered to the issue and be prepared to determine the correct actions.
4. Once the involved team members have identified solutions, they will immediately share those via voice chat or conference call with the IMC.
5. Presuming at least three IMC members are present, a verbal vote and direction of next steps can be authorized. This communication should continue until a clear path of action is authorized by three members of the IMC.
6. The appropriate team members or individuals responsible for taking action will work with urgency to implement the required work



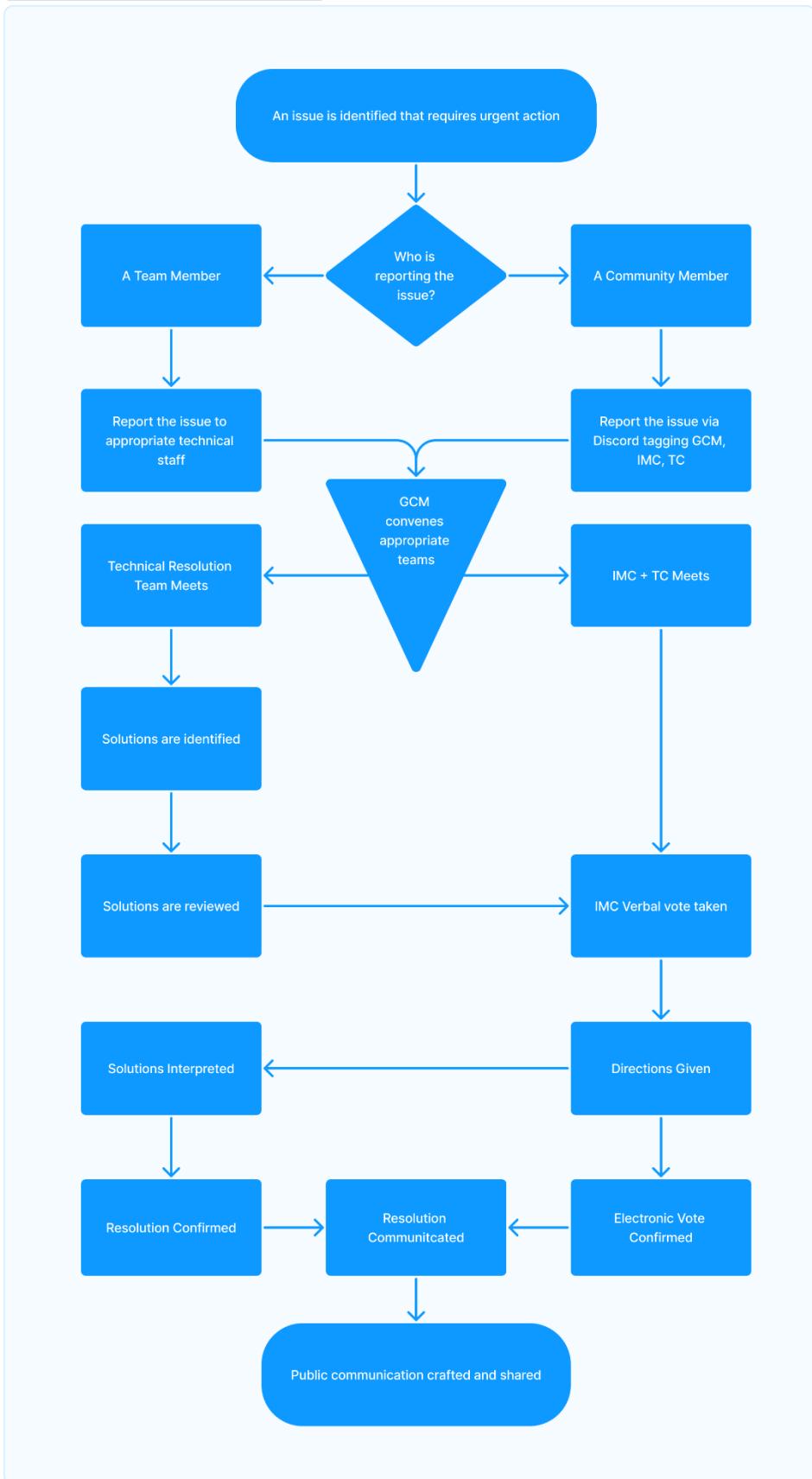
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7. The IMC will create an electronic vote to formally record the approval of this action
 - a. All information must be held confidently and will not be disclosed to the community or other public channels until after the solution has been implemented.
8. Following the resolution of the situation, the IMC and appropriate team members shall publicly share the situation and actions taken, along with potential further actions needed as a result of this situation as appropriate.



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Recognition

A structure as complex as this Governance V2 proposal is not created in isolation. Multiple community members have been heavily involved in the drafting of this to include: Lu#7849, Sheep#0895, Vetemor#7777, Artemis#0233, Scrubadubdad#0001, TSG#9794, Lelahel#6058, and b0tch#5460 among others.