

DAO GOVERNANCE TERMS

v1.0

The Nolus DAO is established as a decentralized autonomous organization to promote community-driven development and advancement of the Nolus Project. The present Governance Terms aim to provide a transparent and democratic framework for decision-making, governance, and Community participation. Through the present Governance Terms, the Nolus DAO aims to foster an inclusive and collaborative environment that encourages the contributions of all Members toward the growth and success of the Nolus Project.

I. GENERAL

1. The present Governance Terms embody a binding and mutually agreed-upon agreement among all Members of the Nolus DAO, and further regulate the procedures related to voting and executing the decisions made by the decentralized autonomous organization governing the Nolus Project.
2. Nolus DAO's governance process is designed to be transparent, inclusive, and community-driven. All members of the Community are encouraged to participate in governance discussions and contribute to the development and advancement of proposals.
3. By following the governance process outlined through the present Governance Rules, Nolus DAO shall to the maximal extent possible ensure that all proposals are thoroughly reviewed, debated, and voted on by the Community so that the DAO decisions are democratic and reflective of the collective will of its members.

II. DEFINITIONS

Through the present Governance Rules, unless the context otherwise requires, the following words and expressions shall have the following meanings:

1. “**DAO**” refers to a Decentralized Autonomous Organization, which is a type of organization that operates using blockchain technology to enable decentralized decision-making, management, and ownership.
2. “**Nolus DAO**” shall refer to the DAO behind the Nolus Project as described in the Whitepaper, which shall consist of all DAO Members.
3. “**Whitepaper**” shall refer to the Whitepaper of the Nolus Project, available at: <https://nolus.io>
4. “**Protocol**” shall refer to the blockchain protocol technology, created and configured to serve the Nolus DAO for the purposes of submission and evaluation of Proposals, Voting, staking and other related functions.
5. “**Member/s**” shall in singular and in plural form refer to each individual or entity, and collectively to more than one individual and/or entities, which at any moment of time hold any amount of NLS, regardless of whether liquid or staked.

6. “**Voting Member/s**” shall in singular and in plural form refer to any Member that holds staked NLS, as staking NLS shall make such Member eligible to vote for any ongoing Proposal in the Nolus DAO.

7. “**Community**” refers to all Members who collectively as a whole, hold the powers to govern the Nolus DAO, incorporating both Voting Members and regular Members. The Community is considered the sovereign of the Nolus DAO.

8. “**NLS**” shall refer to each unit of the Protocol’s native cryptocurrency governance token, authorizing the holder (Member) to participate in the DAO and if staked to vote for any DAO decision implementation and etc.

9. “**Platform**” shall refer to the Nolus DAO’s Dashboard available at <https://app.nolus.io>. The Platform practically allows all eligible Members to participate in the Nolus DAO’s governance processes.

10. “**Voting**” shall refer to the process by which Voting Members of the Nolus DAO participate in decision-making by casting a Vote in accordance with these Governance Rules. Voting may be conducted through means and methods determined by the present Governance Rules.

11. “**Vote**” shall refer to each valid vote that is cast by Voting Member on any Proposal for decision during the Voting process.

12. “**Proposal**” - shall refer to each initiative for the adoption of a certain Decision, which is submitted to the Nolus DAO through the Platform for consideration, Voting and approval by the Community. Proposals may be submitted by Members and may pertain to various aspects of the Nolus DAO’s operation, such as funding, governance, or strategic direction.

13. “**Deposit**” – shall refer to a minimum amount of NLS tokens, which needs to be deposited in order for a certain Proposal to be offered to the DAO Community for Voting. Each Proposal should be covered with a Deposit within 10 (ten) days of the submission of the Proposal.

14. “**DAO Decision**” – shall mean the validly adopted decision of the Nolus DAO.

15. “**Quorum**” - shall refer to the minimum level of casted Votes required for a governance Voting to be considered valid. In the context of the Nolus DAO, the Quorum is determined based on the proportion between casted Votes and the total amount of staked NLS in the network, which proportion should not be less than 33.40 %.

16. “**Majority**” – shall mean the majority of identical votes that constitutes at least 50% (or more) of the total number of casted Votes, to the extent the Quorum requirement is met.

17. “**DAO Wallet/s**” – shall refer to each and all cryptocurrency wallet/s containing at least one NLS token by which NLS holders evident that they are a Member of the Nolus DAO up to every respective moment and through which they are allowed to access the Protocol and participate in the Governance and Voting processes. Only Wallets containing staked NLS could participate in the Voting process.

18. “**Nolus Foundation**” – shall refer to the Nolus Foundation Company limited by guarantee, incorporated and existing under the laws of the Cayman Islands.

19. “**Treasury**” – shall refer to the Community pool containing a variable amount of crypto-assets held by and/or on behalf of the DAO, which shall be used for the development and expansion of the Nolus Project. The Treasury comprises one or more Wallets that are established at the inception of the Nolus DAO. The financial resources contained within those/these Wallet/s are to be exclusively utilized based on DAO Decisions.

20. “**Treasurer/s**” – shall refer to individuals and/or entities, which are responsible for managing and overseeing the Nolus Treasury and for any disposal of crypto assets from that Treasury.

21. “**Multi-Sig Wallet/s**” – shall refer to each Wallet held by the Nolus Foundation which is designated for the purposes of developing and expanding the Nolus Project. In order to execute any transaction from said Wallet, authorization of transactions is required through multiple keys held by members of the Nolus Foundation.

III. GOVERNANCE TOKEN

1. The NLS token is the governance token of the Nolus DAO and is intended for use by Members in the governance processes.

2. Each Member, which decides to stake one or more NLS shall by this act become Voting Member. Each staked NLS token shall provide the holder with 1 (one) valid Vote in the Voting processes of the Nolus DAO.

3. Unstaking of NLS token shall immediately cancel voting rights in regards to such NLS token for the period such token is not staked.

4. NLS tokens are freely transferable and all rights associated with each token shall be transferred to the new holder upon execution of the transfer transaction.

IV. MEMBERSHIP

1. Member is each individual and/ or entity, which up to the respective moment holds at least 1 (one) NLS.
3. Any Member can make a Proposal so long as they have the requisite minimum amount of NLS tokens to deposit.
4. Only Voting Members who hold one or more staked NLS Tokens can cast Vote/s on a submitted Proposal.
5. Every Member is personally responsible to gain the technological know-how to be able to participate in the Nolus DAO governance.

V. PROPOSALS & DEPOSITS

1. Any Member holding NLS tokens (liquid) may submit a Proposal regarding Nolus's governance via the Protocol.
2. The Proposal must be drafted in a clear manner and must be accompanied by all relevant supporting materials required to provide a comprehensive explanation of the Proposal. It is imperative to ensure that the Proposal is easily understood and that all needed information is readily available to facilitate a well-informed Decision-making process for all Members.
3. Once a proposal is on-chain, it cannot be changed to reflect feedback or new information, therefore in order to enhance the quality and value of published Proposals, it is advisable, though not obligatory, for the proposing Member to undergo a pre-publication "temperature check" process within the official Community communication channels of the Nolus DAO ("Discord" and etc.). This process facilitates Community discussion and mitigates the potential risk of subsequent "NoWithVeto" Voting pertaining to the Proposal.
4. Any Proposal should be formulated in a way that allows for a clear and concise "Yes" or "No" Vote. A "Yes" vote indicates agreement or approval of the Proposal into a binding DAO Decision, while a "No" vote indicates disagreement or rejection of the Proposal. This ensures that the voting process is straightforward and transparent, and allows for a definitive outcome to be determined.
5. The Proposal must explicitly set forth the Purpose of the Proposal, the intended result if

adopted as a DAO Decision, and all particular actions or determinations that are necessary to achieve the intended result. Such detailed specification is essential to enable a clear understanding of the Proposal's objectives and the necessary steps required for their realization.

6. Prior to a governance Proposal entering the Voting period, there must be at least a minimum Deposit made, amounting to 2500 NLS. There is no maximum Deposit amount.

6.1. The mandatory Deposit amount must be reached within 10 (ten) days following the submission of the Proposal.

6.2. The deposit can be remitted in its entirety by the proposing Member or by any other Member desiring to contribute to the Proposal.

6.3. Contributing Members have the freedom to determine their contribution amounts, recognizing that any contributed NLSs are at risk of being burned.

7. In the event that a Proposal is vetoed by the Voting Members in accordance with Article VII.4., the Deposit shall be promptly and irrevocably burned. Consequently, the proposing Member and all contributors (if any) shall incur the loss of all their deposited NLS.

8. Deposits made for both passed and failed, non-vetoed Proposals shall be duly refunded to the proposing Member and all contributors involved.

VI. VOTING

1. Once a Proposal has been submitted and the minimum Deposit has been reached, the Proposal shall be eligible to proceed into the Voting stage.

2. Voting Time shall be the interval of time within the Voting Date, in which all Voting Members shall have the opportunity to cast Vote/s on the Proposal. Once the Voting Time expires Votes cannot be cast anymore on the specific Proposal.

3. The Voting process is conducted exclusively through the Protocol, where each Voting Member can access the proposals open for Voting by logging in through their DAO Wallet.

4. Upon accessing the Platform through their DAO Wallet, each Voting Member shall be granted access to the Proposal/s open for Voting. The Voting Member shall be entitled to review the Proposal and analyze its content prior to Voting. The Voting Member shall be free

to vote according to their own convictions and beliefs.

5. Each eligible Voting Member can Vote only through one of the following options:

5.1. “Abstain”: This vote signifies a contribution to the Quorum without expressing support or opposition to the Proposal.

5.2. “Yes”: This vote indicates approval of the Proposal in its current form.

5.3. “No”: This vote signifies disapproval of the Proposal in its current form.

5.4. “NoWithVeto”: A ‘NoWithVeto’ Vote indicates that a proposal is considered spam, disproportionately infringes on minority interests, or violates or encourages the violation of the rules established by Nolus DAO governance. Voting ‘NoWithVeto’ does not impose any immediate additional financial cost on the voter.

6. Nolus shall maintain a public record of all Proposals, adopted DAO Decisions and their associated Votes.

VII. QUORUM, MAJORITY & VETO

1. For any Proposal to be approved, a Quorum of at least 33.40% of the total staked NLS tokens shall be required. In case the Quorum hasn’t been reached, a Decision can’t be taken and the whole Voting shall be deemed null and void.

1.1. The Quorum requirement is designed to ensure that proposals are subjected to a sufficient level of engagement and consensus-building within the Nolus DAO. It encourages a wide range of participants to contribute to the decision-making process, thereby preventing a small group from dominating the governance outcomes.

2. A Proposal shall be approved if the Quorum is reached and the Majority of the presented Votes cast by the Voting Members are in favor of the formulated Proposal, voted with “Yes”.

3. If Quorum is not satisfied and/or the Proposal hasn’t received a Majority Votes, such Proposal shall be considered failed.

4. Regardless of whether reaching the necessary Quorum and Majority, each Proposal can be vetoed if deemed inappropriate by a sufficient percentage of Voting Members. The Veto threshold in the Nolus DAO is set at 33.40% of the participating Voting power. If more than

one-third (33.40% or greater) of the participating voting power supports the ‘NoWithVeto’ Vote, it can override a Majority ‘Yes’ vote, causing the proposal to fail, regardless of the level of support it received.

VIII. IMPLEMENTATION OF DECISIONS

1. Once a DAO Decision has been adopted by the Community, such DAO Decision shall be legally binding for the entire Nolus DAO and for all individuals and entities affected by such DAO Decision.
2. DAO Decisions shall be implemented within a reasonable timeframe, subject to all applicable laws or regulations.
3. The implementation of the DAO Decision shall be overseen by the appropriate parties as determined by the DAO Decision. If a certain DAO Decision is not indicating a specific contractor or executor, it shall be at the Nolus Foundation discretion to determine the contractor or executor of that Decision.
4. If for any reason, the implementation of a DAO Decision becomes impractical or impossible, Nolus Foundation shall notify the Members and provide the reasoning behind such circumstances.
5. Any expenses incurred in the implementation of a DAO Decision shall be paid from the Nolus’s Treasury, subject to the budget allocation approved by Members.

IX. TREASURY

1. The Treasury of the DAO shall consist of all crypto assets held by or on behalf of the DAO at every moment of time. Treasury shall be with 36 – months vesting limitations.
2. Any allocations with assets from the Treasury can be done only on the basis of DAO Decisions and for the purpose of the development, improvement and expansion of the Nolus Project.
3. Certain Proposals if adopted as DAO Decisions might require funding, and the Community

will vote on whether to allocate funds from the Treasury for the implementation of the respective DAO Decision.

4. Nolus DAO shall elect by Voting and appoint Treasurers, which will be responsible for managing and overseeing the Nolus Treasury in accordance with DAO Decision/s.

5. Treasurers are obliged to act in the best interest of the Nolus DAO, and to provide transparent and accurate financial reports to the Nolus DAO Community.

6. Each Treasurer shall maintain detailed records of all Nolus DAO transactions and expenditures, as well as provide periodic reports to the Community concerning the status of the Treasury.

7. Each Treasurer/s may be removed from office by Voting.

8. Nolus DAO may establish specific criteria or priorities for funding proposals.

X. SUPPORTING ENTITY

1. Nolus is governed by the Community on-chain governance mechanism overseen by the Nolus Foundation with its primary purpose of providing oversight, guidance, and support to the Nolus DAO. It aims to safeguard the DAO's interests, promote its objectives, and maintain the integrity of its governance processes.

2. A duly endorsed DAO Decision shall possess the authority akin to that of a DAO Recommendation in accordance with the provisions outlined in the Articles of Association of the Nolus Foundation. This encompasses matters concerning the appointment and/or removal of the Nolus Foundation's director/s, as well as supervisors.

3. The Nolus Foundation ensures that the Nolus DAO operates within the legal framework of the relevant jurisdiction(s). The Nolus Foundation takes necessary measures to address any legal risks or concerns.

4. The Nolus Foundation unilaterally oversees the allocation of resources held in Nolus Multi-sig Wallet/s. It may work in conjunction with the Community to determine funding priorities, budget allocation, and investment strategies. The Nolus Foundation aims to support the development and expansion of the Nolus Project.

5. In the event of dissolution, the Nolus Foundation takes necessary steps to ensure an orderly

winding down of its operations, adhering to legal obligations and safeguarding the Nolus DAO's assets.

XI. TRANSPARENCY

1. Nolus's decision-making processes, including proposals, votes, and decisions, are publicly visible. Members have access to information about the DAO's finances and operations.
2. The DAO must comply with any applicable laws or regulations regarding transparency and reporting.

XII. AMENDMENTS

1. Any Member of the Nolus DAO may propose amendments to the Governance Terms.
2. Amendments must be specific and include detailed explanations of the proposed changes, along with any necessary supporting documentation.
3. Amendments shall be open for discussion and debate for a set period of time in accordance with Paragraph V.4. before voting takes place.

XIII. EMERGENCY POWERS

1. In the event of an emergency situation that threatens the safety, security, or continuity of Nolus DAO, immediate action may need to be taken without going through the regular Proposal and Voting process. In this case, the Nolus Foundation shall have the authority to take emergency measures as necessary to address the situation.
2. Nolus Foundation shall have the authority to take emergency measures as necessary to address the situation. The Nolus Foundation shall make every effort to notify Members of the emergency situation and the actions taken as soon as practicable.
3. Emergency measures must be narrowly tailored and designed to address the specific emergency situation. Any emergency measures taken by the DAO shall be reported to the Members as soon as practicable.

4. Actions taken by the Nolus Foundation under this provision shall be subject to ratification by the Members as soon as practicable.

5. If a Member believes that the Nolus Foundation has exceeded its authority or acted improperly in taking emergency measures, such Members may submit a proposal to revoke such measures.

XIV. DISPUTE RESOLUTION

1. In the event of a dispute arising between the Nolus Foundation and a Member, or between two or more Members, the parties shall first attempt to resolve the dispute through good faith negotiations.

2. If the dispute cannot be resolved through negotiations, the parties may seek to resolve the dispute through the jurisdiction of the competent courts in the Cayman Islands, unless any conflicting or prevalent regulation set the venue elsewhere.

3. Each party shall bear its own costs and expenses incurred in connection with any legal proceedings.

XV. LIMITATION OF LIABILITY

1. To the fullest extent permitted by law, no party associated with the Nolus DAO, shall be liable for any loss, damage or liability arising out of or in connection with the governance or operation of the DAO, unless such loss, damage or liability is caused by willful misconduct or gross negligence.

2. Each Member acknowledges and agrees that their ownership of NLS and participation in the governance of the Nolus's DAO involves risks, including but not limited to the risk of loss of investment.

XVI. MISCELLANEOUS

1. These Governance Terms constitute the agreement between all the Members of the Nolus DAO regarding the DAO's governance processes and supersede all prior agreements, understandings and negotiations, whether oral or written.

2. Any provisions of these Governance Terms that are invalid or unenforceable shall be deemed severed from these Governance Terms and shall not affect the validity or enforceability of the remaining provisions.

3. These Governance Terms may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.