Unigrid DAO CONSTITUTION

Version: 1.0.0

Last updated: 05 September 2023

PREAMBLE:

A. WHEREAS, Unigrid (hereinafter referred to as the "Project") is a decentralized system developed on the Cosmos SDK framework, embodying a unique blockchain protocol tailored for its specific use cases. This system encompasses a suite of decentralized applications that, in synergy, constitute a comprehensive blockchain ecosystem (the "Ecosystem");

B. WHEREAS, the Project, known as "Unigrid", is an initiative in the realm of decentralized internet solutions, aiming to deliver a truly decentralized and anonymous internet experience. This system is designed to be resistant to eavesdropping, ensuring data privacy and security, while also offering a platform for decentralized applications within its ecosystem;

C. WHEREAS, the Project and the Ecosystem require a robust and effective governance model to further develop and function;

D. WHEREAS, the exchange of value within the Ecosystem is facilitated with its native blockchain-based token, UGD (the "Token"); and

E. WHEREAS, gridnode contributors to the Ecosystem, having a desire to further decentralise the Project and transform the Ecosystem in the Decentralized Autonomous Organisation (the "DAO"), have voted to adopt the Unigrid DAO Constitution (the "Constitution") to read as follows.

Article I. Ratification of the Constitution.

1.1 This Constitution sets forth the basic rules of how the DAO and the Ecosystem function, are governed, and establishes the status of its governing bodies, as well as contributors and users of the Ecosystem (the "Participants").

1.2 From the moment the Constitution is adopted, it becomes binding on any and all processes within the DAO to which it applies. The provisions of the Constitution supersede any other documents of the same scope adopted before.

Article II. On-Chain Governance. Normative Structure of the decentralized Governance.

2.1 The Constitution comprises a set of rules that is legally-binding for all Participants. Any person joining the DAO after the adoption of the Constitution shall automatically fall under its jurisdiction.

2.2 The Constitution is a sole document that determines what governance actions are legitimate within the DAO. The DAO is governed through a set of smart contracts and off-chain governing bodies, as described below.

2.3 This Constitution can only be amended through a Referendum, as defined below. No such changes shall be enforced retroactively.

2.4 The effective version of the Constitution shall at all times be available at [link].

2.5 Any documents linked to this Constitution shall be considered its integral parts.

Article III. Native Units of the Unigrid DAO. Governance Participation & Staking.

3.1 Each unit of Tokens is fully fungible with each other unit of Tokens. Each of the Tokens shall give the same scope of rights to each of the Participants holding the Tokens (the **"Tokenholders"**).

3.2 There shall be a hard cap of Tokens minted by the foundation, set at 150,000,000 Tokens. While the protocol itself does not have a maximum limit on the number of tokens that can be generated, the rate of minting new tokens is deliberately slow and decreases on a monthly basis.

3.3 The utility of the Tokens shall be determined by the DAO.

3.4 Participation in the DAO's governance is exclusively reserved for Gridnode operators. Only those who have staked the requisite number of Tokens to operate a Gridnode shall have the right to participate in the DAO governance, including the right to vote on proposals.

3.5 By staking their Tokens for the purpose of running validators or Gridnodes, the Tokenholders agree to the terms of this Constitution and the governance terms outlined in it "as is".

3.6 Before the adoption of the Constitution, the developers of the protocol underlying the Ecosystem may designate some of the Ecosystem's nodes to act as validators to verify transactions with Tokens made within the Ecosystem (the **"Validators"**). After the adoption of the Constitution, new Validators could be

appointed at the Referendum. For their contribution, the Validators shall receive rewards, as outlined in [link].

Article IV. Treasury & Management of the Ecosystem Funds.

4.1 Income and expenses of the DAO are facilitated through the DAO's independent pool of assets, including Tokens, managed by the Treasurer, as designated below (the **"Treasury"**).

4.2 The following expenses from the Treasury shall require an additional approval of the Tokenholders before they are implemented by the Treasurer:

(a) Any strategic distribution for the purposes of developing the Ecosystem or the DAO's underlying protocol;

(b) Giving grants to the Participants for the development of the Ecosystem;

(c) Organising any off-chain events for the development of the Ecosystem;

(d) Purchase of any off- or on-chain goods or services in an amount equal or exceeding [currency][amount] or equivalent in any other fiat or cryptocurrency;

4.3 There shall be the following DAO Token pools allocated within the Treasury: validators' pool, oracles' pool[, ...].

4.4 In addition to the above, there shall be a Liquidity Pool in an amount of **4,000,000** of Tokens to maintain the liquidity of the Tokens.

4.5 In addition to the above, there shall be a Reserve Fund in an amount of **1,000,000** of Tokens to shield the DAO from the unforeseen liquidity risks.

Article V. Token Sale & Allocation of Raised Funds.

5.1. Token Sale on Launchpad: The DAO proposes to conduct a token sale on a launchpad named NFPAD. The terms, conditions, and specifics of this sale will be determined and communicated to all Participants in due course.

5.2. Allocation of Raised Funds: Funds raised from the token sale on NFPAD will be allocated to UGD Software AB for the primary purpose of software development to further the objectives of the Project.

5.3. Community Token Reservation: NFPAD will reserve a portion of the tokens from the sale to cater to community needs, including but not limited to covering listing fees on various platforms.

Article VI. Institutional Structure of the decentralized Governance.

6.1 While the DAO is a decentralized structure, to make the DAO's governance efficient, some of its functions are vested into a selected number of managing bodies. They shall at all times act in the interests of the Participants and promote the development of the DAO, the Ecosystem, and the protocol underlying it.

6.2 In addition to the managing bodies mentioned below, the DAO shall have the right to create new managing bodies and fill their positions at the Referendum.

6.3 The Secretary oversees the Referendum's voting process (as described below) and serves as a liaison between all other managing bodies to make sure their duties are fulfilled in a timely manner.

6.4 The Executive [Manager / Board] is the executive managing body of the DAO that implements those Proposals supported on the Referendum that require manual implementation.

6.5 The [Supervisor / Guardian] is the controlling managing body of the DAO that controls that the executive managing body acts in the interests of the Participants and in accordance with the will of the Tokenholders.

6.6 The Treasurer is responsible for the Treasury of the DAO.

6.7 The [Title] is responsible for [functions].

6.8 The composition of each of the managing bodies shall be as follows and can be changed at the Referendum:

Secretary	[name]
Executive Board	Olga Romantsova, Caimilla Waldenberg, Evan Green, Adam Waldenberg
Supervisor / Guardian	The Unigrid Foundation
Treasurer	Marcus Stenberg

Article VII. Referendum & Voting.

7.1 Each Tokenholder shall have the right to propose changes to the Constitution (the "Proposal") to be voted on by the Tokenholders participating in the decentralized governance (the "Referendum"), provided that the Tokenholder submitting the Proposal has staked their Tokenholding to participate in the DAO's decentralized governance in an amount of no less than 3000 Tokens.

7.2 To submit a Proposal and initiate the Referendum, the Tokenholder has to:

Publish a Draft Proposal, containing the proposed changes, the reasoning behind the Proposal, the importance of making changes to the Constitution, proposed

implementation (including technical, financial, and governance implications), and other information that is specified in the requirements at [link]; and

Within [5/7/10/14/...] days after submitting the Proposal, make a deposit payment for the submission of the Proposal to the Treasury in an amount of [number] Tokens as per the requirements at [link].

7.3 Each Gridnode, which requires a stake of 3,000 Tokens, shall bear one vote. Tokens held outside of a Gridnode do not confer voting rights.

7.4 Each Tokenholder shall have the right to vote on the submitted Proposal by casting one of the following votes:

For, in which case the Tokenholder supports the Proposal;

Against, in which case the Tokenholder does not support the Proposal; or

Abstain, in which case the Tokenholder neither supports or rejects the Proposal, but their vote still counts for the required number of votes to make the Referendum binding (the "Quorum").

The following number of votes and Quorum shall be required to approve the Proposal on the Referendum:

Type of Changes, [-]	Quorum, [% of staked Tokens]	Votes Required, [votes]	Voting Time, [hours]
Minor changes not otherwise listed	25%	50% + 1	84
Changes to the activities of the Project, structure of the DAO, disposal of all or a substantial amount of the DAO's assets (including Intellectual Property), changing the structure of DAO's Token pools and allocating Tokens to new pools, approving certain expenses from the Treasury, creating and appointing persons to fill out the positions within the managing bodies, appointing Validators, making changes to documents linked to this Constitution except if it falls within another change category, [...]	50%	50% + 1	168
Changes to the utility of the Tokens, their lock-up, or transfer restrictions, rights of the Tokenholders, creating off-chain legal entities to represent the DAO and appointing Participants to fill their bodies, deciding to sell Tokens without lock-up or transfer restrictions [...]	75%	75% + 1	168
Emergency Proposal addressing an urgent issue (an issue which directly concerns the existence of the DAO) when time is of the essence	75%	75% + 1	48

7.5 For the purposes of participating in the Referendum, the Tokenholder shall have the right to designate a proxy to carry out their voting. To designate the proxy, the Tokenholder has to specify the exact number of the delegated votes and indicate the way they shall be used to vote (For, Against, or Abstain).

Article VIII. On-Chain and Off-Chain Implementation of Supported Proposals.

8.1 Supported Proposals that can be implemented in an automatic way by the means of on chain governance are implemented in an autonomous manner.

8.2 Supported Proposals that cannot be implemented in an automatic way and require manual implementation shall be implemented by the managing body responsible for the respective function (normally, the executive managing body).

8.3 Implementation of some Proposals may require the delegation of certain functions of the DAO to third parties. In this case, the implementing managing body shall be responsible for the relations with and the conduct of those third parties.

8.4 The controlling managing body shall oversee the implementation of the supported Proposals.

8.5 Implementation of some Proposals may require the allocation of funds from the Treasury. In this case, the Treasurer shall oversee that the funds are spent by the implementing body in a diligent manner.

Article IX. Representation of the DAO.

9.1 While the DAO itself is a decentralized entity and enjoys a distributed structure, there might arise a need to incorporate a legal entity to shield the Participants from legal risks, raise capital, attract off-chain liquidity, interact with off-chain parties, or for another objective reason.

9.2 Creating those legal entities and the allocation of resources to them from the Treasury shall be done by the means of the Referendum.

9.3 Those legal entities shall at all time act in the interests of the DAO and only within the scope of the DAO's functions delegated to them.

9.4 If the created legal entities shall require for one or more of their own bodies to be filled, the Tokenholders shall vote on which Participant to appoint at the vacant position on the Referendum.

Article X. decentralized Jurisdiction. Applicable Law & Dispute Resolution.

10.1 Any relations amongst the Participants shall fall under the jurisdiction determined as per their own personal laws. Any relations related to the legal entities

specifically created to represent the DAO or perform any of its functions shall be regulated by the laws of the jurisdiction where each of them is incorporated.
10.2 Relations arising from adopting, amending, or enforcing this Constitution shall be governed by the laws of Sweden.
10.3 Any disputes about the adoption, amendment, or enforcement of the Constitution shall be attempted to be resolved by the parties to a dispute by negotiations in good faith. If the disputing parties are unable to do so in [30/60/…]

days after the dispute's commencement, it shall be resolved by [the courts of … / the … court of arbiters / blockchain arbitration at …].

Article XI. Compliance with Regulatory Bodies.

11.1 Regulatory Compliance: The DAO acknowledges the importance of adhering to all applicable laws and regulations. All actions and decisions made within the DAO will strive to be in compliance with relevant regulatory bodies, including but not limited to the SEC.

11.2 No Guarantee of Profit: Participation in the DAO, including staking or holding Tokens, does not guarantee any profit or financial returns. Tokens are not to be viewed as an investment but as a means to participate in the DAO's governance.

11.3 No Misrepresentation: All information provided by the DAO, its contributors, or any associated parties will be accurate to the best of their knowledge. No false promises or misleading statements will be made to induce participation or acquisition of Tokens.

Article XII. Limitation of Liability & Indemnification.

12.1 Decentralized Decision Making: The DAO operates on a decentralized decision-making model, where actions and changes are based on collective voting by its Participants. No single entity or individual has unilateral control over the DAO's decisions.

12.2 Indemnification: Participants agree to indemnify and hold harmless the developers, contributors, and all associated parties from any legal claims, damages, or liabilities arising from their participation in the DAO.

12.3 No Liability for Acts of the DAO: The developers, contributors, and all associated parties are not liable for the actions, decisions, or changes made by the DAO's collective voting process.

Article XIII. Transparency & Reporting.

13.1 Regular Reporting: The DAO will strive to maintain transparency by providing regular reports on its activities, financial status, and any other relevant information to ensure compliance with regulatory requirements.

13.2 External Audits: The DAO's financials and operations may be subjected to external audits to ensure transparency, accuracy, and compliance with regulatory standards.

Article XIV. Amendments in Light of Regulatory Changes.

14.1 Adaptability: The DAO acknowledges that regulatory landscapes can change. As such, the DAO's constitution and operations can be amended to remain compliant with any new or revised regulations.

14.2 Regular Review: The DAO will conduct regular reviews of its operations and governance model in light of any regulatory updates, especially those concerning decentralized organizations and digital assets.