

Preliminary Governance Framework



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Foundations

The Governance section covers three core pillars of Aquara's decentralized framework:

1. Roadmap to Full Decentralization

Traces Aquara's evolution from Foundation-stewarded, professionally operated governance to a transparent, fully community-governed financial ecosystem administered by the Aquara DAO.

2. Governance and Community Participation

Explains how AQA holders engage in decision-making, contribute to growth, and influence the future direction of the treasury and protocol.

3. Preliminary DAO Governance Framework

Describes how governance proposals, discussions, and votes will be introduced and tested prior to complete decentralization.



Roadmap to Full Decentralization

Aquara is designed to evolve from a Foundation-stewarded, professionally operated structure into a fully autonomous, community-governed financial protocol.

From inception, the Aquara Foundation serves as the legal steward and reserve holder of the ecosystem, while Kaitiaki Systems (KAI) is engaged under contract to support execution, treasury formation, and early operations.

Over a 12-year horizon (2027–2039), authority over treasury strategy, governance, and operational execution progressively transitions from Foundation-led oversight and contracted execution toward direct DAO governance, ensuring transparency, accountability, and long-term sustainability.

Phase 1: Foundation Governance and Initial Structure (Years 1-3)

At launch, the Aquara Foundation is established as the legal steward and custodian of the treasury.

During this phase, Kaitiaki Systems (KAI) supports the Foundation under defined contractual mandates, providing operational execution, treasury formation support, and early asset management in accordance with governance frameworks and reporting requirements.

This phase focuses on establishing institutional-grade processes, transparency, and trust, including third-party audits, public reporting, and early community engagement. Governance infrastructure is introduced to prepare the ecosystem for progressive decentralization.

Milestones

- Aquara Foundation established as treasury steward
- KAI operational mandate executed under Foundation oversight
- Launch of Aquara governance portal and forum
- Initial token release to support reserve-building and ecosystem seeding
- Treasury diversification into Bitcoin and water-sector assets
- Governance framework draft and community consultation



- On-chain voting pilots launched

Phase 2: Shared Governance (Years 4-8)

As the ecosystem matures, governance responsibilities increasingly shift toward token holders under constitutional guardrails.

The Foundation continues to act as fiduciary steward and legal interface, while DAO-elected councils and committees emerge to review proposals, set strategic direction, and oversee execution.

KAI remains engaged as an operator where appropriate, subject to DAO-approved mandates and performance review.

Milestones

- DAO councils and committees established
- Expanded community proposal rights
- Governance Incentive Pool activated
- Additional token releases aligned with ecosystem growth
- Treasury scale and diversification targets achieved

Phase 3: DAO Treasury Integration (Years 8-12)

In this phase, the DAO becomes the primary strategic decision-maker for treasury allocation, governance policy, and ecosystem direction.

The Foundation transitions toward a supervisory and safeguarding role, while operational execution is performed by DAO-mandated entities under transparent reporting and accountability frameworks.

Milestones

- Partial DAO-controlled treasury mechanisms
- Delegated governance and budget committees active
- Annual treasury performance and impact reporting



Phase 4: Full Decentralization (By Year 12)

Aquara completes its transition into a fully autonomous, DAO-governed water investment protocol.

Strategic, operational, and financial decisions are executed through on-chain governance, with the Foundation serving as a legal steward and representative where required by law.

Milestones

- 100% DAO-controlled treasury governance
- Fully automated governance and incentive mechanisms
- On-chain reserve management and audit systems
- Global ecosystem integration under decentralized governance



Governance Evolution

Aquara's governance is designed to evolve from Foundation-stewarded, professionally operated oversight into a fully community-governed DAO. This phased approach balances early operational stability with a clear, deliberate path toward long-term decentralization.

Foundation Structure and Initial Governance

From inception, the **Aquara Foundation** serves as the legal steward and custodian of the ecosystem and its treasury. The Foundation establishes governance frameworks, fiduciary safeguards, and transparency standards from day one.

During the initial phase, **Kaitiaki Systems (KAI)** is engaged under contract by the Foundation to support operations, treasury formation, and early asset management. KAI acts as an execution partner — not a governing authority — operating within defined mandates, reporting obligations, and oversight mechanisms established by the Foundation.

This structure ensures that reserves in Bitcoin and water-sector investments are held by a neutral steward while benefiting from professional execution, institutional-grade processes, and transparent reporting.

Progressive Decentralization

As the ecosystem matures, governance authority is progressively delegated to the community through Aquara's DAO framework. Token holders gain increasing influence over treasury strategy, governance policies, and ecosystem priorities under constitutional guardrails.

Over time, the Foundation's role shifts from direct oversight toward facilitation, legal representation, and safeguarding of governance processes, while operational execution is performed by DAO-mandated entities.

By Year 12, Aquara operates as a fully DAO-governed ecosystem, with strategic, operational, and financial decisions executed transparently through on-chain governance and smart contract systems.



The Role of Aquara Foundation

Who We Are

The Aquara Foundation is the entity driving the mission of water equity and token stability.



What We Do

Manages water reserves, builds Bitcoin holdings, and oversees the ecosystem's growth.

Long-Term Vision

A key player in the journey toward decentralization, ensuring a transparent transition to community-led governance.

Aquara Foundation
Water Equity & Token Stability

ecosystem's growth.
Builds Bitcoin holdings
and oversees the ecosystem's growth.

communities.
Manages water reserves
and oversees the ecosystem's growth.

community-led governance.

Why Centralization Matters Early

Operational Agility

Early-stage centralization under Foundation-led stewardship enables efficient decision-making and resource allocation, allowing the ecosystem to establish treasury reserves, partnerships, and operational infrastructure without governance fragmentation.

Legal and Financial Clarity

Operating through a dedicated legal steward — the Aquara Foundation — ensures regulatory compliance, clear fiduciary responsibility, and transparent treasury custody. Professional execution is supported through contracted operators, providing institutional-grade processes while preserving governance neutrality.

Accountability and Trust

Centralized oversight in the early phase establishes clear accountability, auditability, and reporting standards. This structure builds credibility with both decentralized finance participants and traditional institutional stakeholders.



Preparation for Decentralization

A phased governance model allows time to build reserves, refine constitutional frameworks, and prepare the community for meaningful participation — ensuring a responsible and sustainable transition to full DAO governance.

Community Participation and Incentives

Aquara's long-term resilience depends on meaningful community participation aligned with transparent governance and long-term stewardship. Participation is introduced progressively, ensuring that responsibility, capability, and accountability evolve alongside decentralization.

Governance Participation

AQA holders participate in governance through structured voting mechanisms, proposal review processes, and community consultation frameworks. Participation expands over time as governance authority transitions from Foundation-led oversight toward DAO governance.

Participation Mechanisms

Governance participation may be supported by optional mechanisms — such as staking, delegation, or signaling — designed to encourage long-term alignment and active engagement. The specific design, activation, and parameters of these mechanisms are defined through governance and introduced only once operational, legal, and ecosystem readiness is established.

Contribution Recognition

Community members contributing to governance processes, research, partnerships, education, or ecosystem development may be recognized through non-financial or governance-defined incentive mechanisms. Any token-based or economic incentives are subject to governance approval and aligned with sustainability, accountability, and long-term ecosystem health.

Voting and DAO Governance

As Aquara progresses toward full decentralization, AQA holders gain increasing influence over defined governance domains, including:

- **Treasury and Reserve Strategy**

Guiding capital allocation priorities across water-sector investments and digital reserves, subject to constitutional guardrails and expert review.



- **Protocol and Governance Evolution**

Participating in decisions related to governance frameworks, protocol upgrades, and long-term sustainability initiatives.

By combining phased governance rights, transparent decision-making, and clearly defined guardrails, Aquara positions its community as a long-term steward of capital — aligning participation with responsibility rather than short-term extraction.



Preliminary Governance Framework for Aquara DAO

1. Foundational Principles

Transparency

All governance decisions, votes, and treasury movements are verifiable on-chain, ensuring verifiable transparency and accountability.

Inclusivity

AQA holders may participate in governance directly, within a constitutionally bounded governance framework supported by expert councils.

Progressive Decentralization

Aquara transitions from a Foundation-led stewardship model to a community-driven DAO in measured phases — balancing stability, legal clarity, and decentralization.

Integrity & Sustainability

Governance decisions align with Aquara's mission to fund sustainable water innovation while maintaining financial resilience and long-term capital discipline, as defined and protected by the Aquara Constitution (Draft).

1.1 Strengthening DAO Decision-Making & Accountability

Informed Decision-Making

Aquara's governance system incorporates a structured proposal process supported by an open governance dashboard. All initiatives undergo formal review by expert councils to assess constitutional compliance, financial alignment, risk exposure, and intended impact before being eligible for community vote.

Council assessments are published alongside impact and investment reports, enabling AQA holders to make informed decisions without requiring deep technical or financial expertise.

Voting Scope & Thresholds

Governance clearly distinguishes between strategic decisions requiring community approval and operational decisions executed under predefined mandates.



- **Strategic & Treasury Decisions**

Subject to council review and eligibility approval, followed by binding on-chain voting by AQA holders.

- **Operational & Technical Execution**

Conducted by mandated operational units within constitutional and treasury policy limits, with continuous transparency and post-execution reporting.

Material actions — including reserve allocation frameworks, mandate changes, and governance upgrades — require explicit community approval. Routine execution and technical adjustments occur under approved mandates to ensure continuity, efficiency, and resilience.

Role of Councils

Councils are constitutionally defined governance bodies that serve as expert guardrails within the Aquara ecosystem. Their role is to preserve mandate integrity, enforce risk and eligibility constraints, and ensure informed decision-making — not to replace or override the sovereignty of AQA token holders.

Councils do not derive authority through delegation from token holders. Instead, their authority is granted directly by Aquara's Constitution and limited to clearly defined review, enforcement, and advisory functions.

Constitution



Token Holders (Sovereign)



Councils (Guardrails & Review)



Mandated Execution



Council Responsibilities

Councils are responsible for:

- **Mandate Enforcement**

Ensuring all proposals and execution activities remain within constitutional, legal, and risk boundaries approved by token holders.

- **Expert Review & Qualification**

Assessing proposals for feasibility, financial alignment, sustainability impact, and operational readiness before they are submitted for community vote.

- **Risk Control & Safeguards**

Applying predefined risk thresholds, cooling-off periods, and escalation mechanisms where proposals could materially affect treasury stability or long-term objectives.

- **Continuity & Execution Enablement**

Enabling the protocol to function efficiently between governance cycles by overseeing execution under approved mandates, without requiring constant community voting.

Financial Oversight

All treasury disbursements follow predefined policies and milestone-based schedules approved through governance and enforced by council review. Capital releases occur only within approved mandates and are subject to continuous transparency and reporting.

Independent audits, reporting dashboards, and proof-of-reserve disclosures provide ongoing visibility into treasury activity, including grants, operational expenditures, and investment allocations, ensuring accountability and misuse prevention.



1.2 Voting Rights & Representation

Layered Governance Model

Aquara's governance is organized into four interconnected layers designed to balance constitutional integrity, expert oversight, operational efficiency, and community sovereignty.

1. Constitutional Layer

Defines Aquara's mission, non-negotiable principles, and governance boundaries. The Constitution serves as the highest authority, ensuring long-term alignment with sustainability, transparency, and capital discipline.

2. Council Layer

Constitutionally mandated expert bodies (including Treasury, Sustainability, Governance, Technology, and Infrastructure Councils) review proposals for eligibility, feasibility, risk alignment, and mandate compliance.

Councils do not allocate capital or replace community authority, but possess formal gatekeeping and enforcement powers to ensure that only compliant proposals reach community vote.

3. Operational Layer

Executes governance-approved decisions and operates within predefined mandates and policies. This layer manages partnerships, technical implementation, and reporting obligations, ensuring continuity and transparency without requiring constant community voting.

4. Holder Layer

AQA token holders are the sovereign decision-makers of the protocol. Holders vote directly on strategic matters — including treasury frameworks, mandate changes, and governance updates — within the boundaries defined by the Constitution and enforced by councils.



Constitution

Councils

Operational

AQA Holders



2. Governance Structure

Community Assembly

The Community Assembly consists of all AQA token holders and serves as the sovereign decision-making body of the protocol. Holders vote on major treasury, reserve, and governance decisions within constitutional boundaries.

Voting mechanisms vary by proposal type to balance fairness, capital discipline, and community legitimacy:

- **One Address, One Vote**
Applied to constitutional, ethical, and social governance matters.
- **Quadratic Voting**
Applied to financial, strategic, and treasury-related proposals to reduce concentration of influence while preserving capital alignment.

Aquara Councils

Aquara Councils are constitutionally mandated expert bodies that serve as formal review and guardrail mechanisms within the governance process. Their role is to ensure proposal quality, mandate compliance, risk discipline, and long-term alignment before any proposal is eligible for community vote.

Councils do not allocate capital or replace the authority of AQA token holders. Instead, they enforce governance boundaries and protect the integrity of decision-making by determining whether proposals meet predefined constitutional, financial, and sustainability criteria.

Example Councils include:

- **Treasury Council**
Reviews proposals for financial soundness, risk exposure, treasury policy alignment, and mandate compliance.
- **Governance & Ethics Council**
Assesses proposals for consistency with Aquara's constitutional principles, governance standards, and ethical commitments.



- **Technology & Transparency Council**
Reviews protocol upgrades, smart contract changes, security considerations, and transparency mechanisms.
- **Water Innovation Council**
Evaluates proposals related to water infrastructure, purification, technology, and sustainability impact.

Councils issue formal review outcomes (e.g., *Eligible*, *Requires Revision*, *Out of Scope*). Only proposals deemed eligible may proceed to community vote. Councils do not override community decisions but ensure that all voting occurs within approved mandates and governance safeguards.

3. Governance Mechanisms

Proposal Submission

AQA token holders may submit governance proposals subject to predefined eligibility requirements designed to prevent spam and ensure proposal quality. Proposals must include clear objectives, rationale, scope, and expected outcomes, and are subject to council review prior to eligibility for community vote.

Voting Process

Governance voting occurs through structured on-chain processes, with parameters calibrated to balance inclusivity, decisiveness, and capital discipline. Initial governance settings include defined voting periods, quorum thresholds, and differentiated approval requirements based on proposal type.

These parameters are established through governance policy and may be refined over time in accordance with constitutional procedures.

Proposal categories may include:

- **Constitutional & Ethical Proposals** — subject to simple majority approval
- **Financial / Strategic Proposals** — subject to elevated approval thresholds and quadratic weighting to mitigate concentration of influence

Transparency Tools

All governance activity — including proposals, votes, council assessments, and approved treasury actions — is recorded on-chain and accessible through Aquara's governance dashboard and reporting tools.



4. Evolution and Review

Governance Upgrades

Governance processes are subject to periodic review to ensure effectiveness, resilience, and alignment with Aquara's mission. At regular intervals, the community may evaluate governance performance and propose adjustments to voting parameters, council composition, or procedural frameworks through structured governance updates.

All governance changes remain bound by the Constitution and require appropriate community approval.

5. Incentives for Participation

Governance Sustainability Mechanism

As decentralization increases, Aquara introduces a governance sustainability mechanism designed to support long-term participation, operational continuity, and fairness. This mechanism is activated progressively and structured to fund governance tooling, audits, reporting, and council operations in accordance with approved policies.

Participation Recognition

Active participation in governance — including proposal development, review contributions, and informed voting — may be recognized through governance-defined incentives or non-financial reputation systems.

Reputation mechanisms are designed to signal contribution quality and eligibility for governance roles, without altering core voting rights or sovereign authority.

6. Long-Term Vision

By the later stages of Aquara's roadmap, governance authority resides primarily with the Aquara DAO, with AQA token holders acting as the sovereign decision-makers for treasury strategy, governance frameworks, and long-term priorities. The Aquara Foundation continues to serve as a legal steward and safeguard, supporting compliance, continuity, and external interfacing as required.

Where appropriate, smart contracts and on-chain systems automate defined governance and treasury functions — including reporting, mandate enforcement, and execution logic — to enhance transparency, resilience, and operational efficiency. Not all functions are automated; execution remains bounded by constitutional mandates and governance-approved policies.

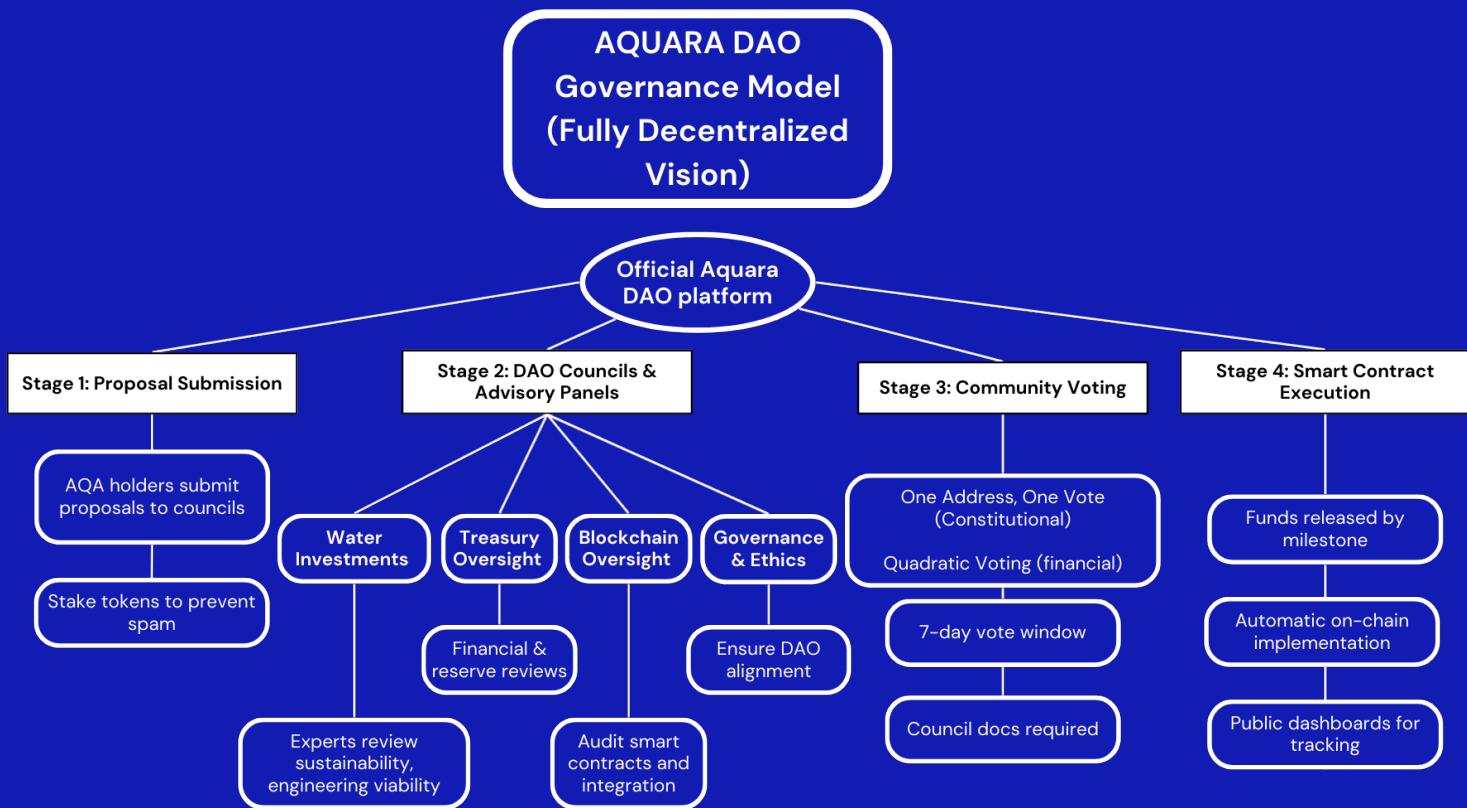


Governance Evolution Notice

The governance framework described herein represents Aquara's intended long-term structure. Decentralization is an iterative process, and specific timelines, mechanisms, and operational arrangements may evolve in response to regulatory requirements, technical maturity, and ecosystem development, while remaining consistent with Aquara's constitutional principles.

Aquara DAO Governance Model (End-State Vision)

The following model illustrates Aquara's intended governance architecture once mature and decentralized, highlighting the relationship between token holder sovereignty, constitutional guardrails, council oversight, and mandated execution.



To explore source materials and deeper context, see the Reference List at the end of the Aquara Whitepaper.