

## **UARctic legal entity – General FAQ**

With UARctic's change to legal status, we realize that there will be questions about its impact on the network and our members. Thus, as an overview, below are some FAQs to explain some of the background of this change, and highlighted aspects of what UARctic's transition to a legal non-profit association mean for the organization and our membership.

### **Why is UARctic transitioning to a legal entity?**

UARctic is a decentralized organization with offices, programs and other functions hosted by member institutions in the Circumpolar North. These members provide a variety of in-kind support that allows UARctic to remain administratively lean.

Our current operating and funding model relies heavily upon restricted government funding. Over €2 million annually comes from government grants and in-kind contributions targeted for mobility, Thematic Networks, education and research. An additional €500,000 flows annually from membership fees and other government grants. The current funding levels for UARctic demonstrate the importance that the national governments place upon Arctic knowledge, exchange and collaboration.

Despite this stable and steady flow, more resources are required to keep pace with the growth of the organization. Our membership has grown six-fold since the launch in 2001; the number of Thematic Networks is constantly growing; and our biennial Congress – launched in 2016 – had over 600 participants in 2018. In short, UARctic has grown over the last 20 years and proven the organization's value and effectiveness, but resources have not kept pace with this growth.

Over the years, UARctic has had to work in partnership with established legal institutions and organizations to undertake fundraising initiatives. With this limited ability to fundraise, in 2017 UARctic's Board of Governors agreed that an evaluation of UARctic's legal basis was warranted. Thus, the Board decided to create a Task Force to coordinate the evaluation, and to report their findings to the Board by December 2018.

Among the aims of the Task Force was to identify solutions that could help UARctic have a stronger position when it comes to contractual capacity, fundraising and liability. Any recommended solution had to ensure that UARctic as a membership organization would remain as we know it today. This included maintaining our mission, vision and values, types of membership, governance structure, etc. The tradition of keeping the majority of UARctic operations hosted by our members also needed to be maintained. Essentially, this meant finding a legal solution that would enable UARctic to become a trusted, worthy recipient for donations, with the ability to deal with liabilities that would not alter any important aspects of the network. In other words, the transition from the present to a future solution would primarily be a technical matter to improve our operations.

### **Why has UARctic chosen to register as an Association in Finland?**

As the core of our network operations, the UARctic International Secretariat has been hosted by the University of Lapland in Rovaniemi, Finland since the launch of UARctic in 2001. Hence, a large part of UARctic's financial and legal affairs has been handled through the host institution.

Following an extensive assessment, the Task Force identified principal alternatives and undertook two independent feasibility studies (see the [Task Force Report on review of UARctic's Legal Status](#)). Consulting with legal experts, they looked into how UARctic could organize under Finnish and Norwegian law. The outcome was that UARctic could keep most of its present qualities and at the same time benefit as a legal entity under either legal system. However, the Finnish solution ensured members greater control over the organization, while having the least impact through the transition process.

The [Finnish Patent and Registration Office \(PRH\)](#) is the national authority that registers companies, associations, foundations and other organizations and corporations. In Finland, freedom of association is one of the basic political rights guaranteed in the Finnish Constitution. Associations in Finland enjoy internal freedom of activity, which means that they have the right to independently draft their rules (bylaws), within the framework of law, and decide on their internal operations without external interference or control. Maintaining equality of rights for all members is also a corner stone of the Finnish Associations Act.

## What has been the process to date, and what are the next steps?

Following the work of the Task Force, in April 2019 the Board of UARctic approved the draft [UARctic Constitution \(here with Annex explanations\)](#) and called on UARctic's administration to submit a request to the Finnish Patent and Registration Office for an advance check of the Constitution in order to ensure its compliance with Finnish Associations Act. In early August 2019, the Finnish authorities approved the draft Constitution, and UARctic's administration began [redrafting UARctic's Bylaws](#) to bring the document in line with the draft Constitution.

Essentially, the UARctic Constitution serves as the legal foundation document for the new UARctic association, while the redrafted UARctic Bylaws will become the regulatory document for UARctic operations and activity implementation. Both the Constitution and redrafted Bylaws were shared with members of the Council for their meeting in September 2019, at which time member voted in favour of endorsing the process to establish UARctic as a legal entity in the form of a non-profit association under the laws of Finland. [A copy of the Council decision is available here.](#)

With the favourable decision by members, immediately following the Council meeting an establishment meeting for the new UARctic association was held, with an official signing ceremony of the [UARctic Charter of Association](#). After that, UARctic's administration applied to the Finnish authorities to register UARctic as a non-profit association, and on November 1<sup>st</sup> "UARctic" was officially registered. Thus, the transition process has begun, and with operational guidelines and key agreements in place, the new entity will start on January 1, 2020.

Both the Board and the Council supported that UARctic's current leadership and administration should remain in place up until the first meeting of the Assembly of UARctic (the member representative and governing body previously known as the Council of UARctic). The inaugural meeting of the Assembly will take place in February 2020 in order to officially approve UARctic's governing documents, approve all existing members, elect governing and administrative leaders, and make other important organizational decisions as legally required. Subsequent annual Assemblies will be arranged each year at a time from April to July. For an overview, have a look at the [UARctic legal entity – Process Timeline 2019-2020](#).

## With this change, what is new and different with UARctic?

- **Members of UARctic** now have a stronger decision-making role in UARctic, with the added responsibility for:
  - o Electing the Chair of the Board of UARctic;
  - o Verifying the operating plan, with both income and expense estimates;
  - o Reviewing the annual financial statement and report made by the Board, as well as the auditor statements;
  - o Voting to adopt the annual accounts and the discharge of the Board and other responsible persons from liability for the accounts.
- The Council is now known as the **"Assembly"**, and the Board of Governors as the **"Board"**.
- UARctic now has two governing documents: the **UARctic Constitution** as the legal foundation document, and the revised **UARctic Bylaws** as the regulatory document for UARctic operations and activity

implementation. Once formally approved by members (i.e. the Assembly) in February 2020, future amendments to both documents can only be made by the Assembly. When required, changes to the operational guidelines within the Bylaws, which do not require changes to the Constitution can be made by the Assembly; while the Constitution remains a fixed document, where any change will require extra procedural work. Amendments in the UArctic Constitution only come into force after the Finnish registration authorities have approved the proposed constitutional change. Furthermore, in case of interpretational differences between the two documents, the UArctic Constitution takes legal precedence over the Bylaws.

- **UARctic's annual members' meeting = "Assembly meeting"** will in the future, be held between April and July each year. The only exception to this is the first meeting of the Assembly in 2020, which need to be held as soon as possible in order for members to make important legal decisions, such as formally elect the Officers of the Assembly, the Board Chair and other members of the Board; approve operational documents, etc.
- UArctic is now better able to undertake **fundraising initiatives** for the development of existing network activities as well as the creation of new ones.

### **Does this cause any changes to the membership or rights of members?**

UARctic membership categories of Arctic and Non-Arctic members have not changed in any way.

The transition of membership to the legal entity will require that members confirm their intention to continue as a member of UArctic. Full details on this process will be included in the meeting documents for the 1<sup>st</sup> Assembly Meeting, which will be shared with all members in late January 2020. During the transition period, members will have a number of options on how to confirm their membership in the new legal entity, for example, by informing UArctic of this in writing or in person during the first meeting of the Assembly, or by paying the membership fee.

As far as rights are concerned, under the new rules both **Arctic members** and **Non-Arctic members** have equal right of vote on all matters presented to the Assembly. Previously, only Arctic members could vote on changes to UArctic's bylaws, on UArctic's membership, and in elections of Officers, Committee members, and Board members. In meetings of the Assembly, each Arctic Member vote will count as three votes, while each Non-Arctic Member vote will count as one vote. This is to ensure the control over UArctic remains in the north.

### **Are members be exposed to risk of legal liability?**

No. In fact, the change benefits members by freeing them and their individual representatives from any legal liability for commitments made by UArctic.

### **Will the membership fees increase because of this?**

No, UArctic's annual membership fee will not change in because of the transition.

### **Does this change have an impact on UArctic activities or programs?**

No, the transition to legal status will not change how UArctic activities or programs operate.

### **Who do I contact if I want to know more about this transition?**

The UArctic International Secretariat remains the main point of contact for all members.

[Secretariat@uarctic.org](mailto:Secretariat@uarctic.org)