

# VLT Legal Update

June 2025

## Changes to Whistleblower Protection Act Approved

On June 5, 2025 the House of Councilors approved an amendment to Whistleblower Protection Act ("Act") which strengthens whistleblower protections. The amendment will be promulgated in the near future and the amendment will take effect on some date which will be within 1 year and 6 months from the date of promulgation. The following chart shows the key amendments. For more information, please feel free to contact us.

	Current Law	After Amendments
Protected Persons	<ul style="list-style-type: none"><li>• Employees (full-time and part-time)</li><li>• Dispatched Workers</li><li>• Executive Officers</li><li>• Former Employees and Dispatched Workers (who have left within the last year)</li></ul>	<ul style="list-style-type: none"><li>• Employees (full-time and part-time)</li><li>• Dispatched Workers</li><li>• Executive Officers</li><li>• Former Employees and Dispatched Workers (who have left within the last year)</li><li>• <b>Freelance Workers and Former Freelance Workers whose contract has ended within the last year)</b></li></ul>
Definition of Whistleblowing	<p>Reports of misconduct that fulfill certain requirements related to criminal acts or violations of designated laws are protected. Harassment claims are not considered whistleblowing.</p> <p>*Note there are a number of violations that are included and a company should confirm, which violations fall under whistleblowing.</p>	<p>Certain violations of this Act will also be considered whistleblowing.</p>
Identification Protections	<p>No current restrictions.</p>	<p>Identifying a whistleblower without a valid reason is prohibited.</p>

	Current Law	After Amendments
<b>Disadvantageous Treatments, Dismissal &amp; Disciplinary Action Presumptions</b>	<p><b>Invalidation</b> Dismissing employees/terminating worker dispatch agreements on the basis of the whistleblowing is invalid.</p> <p><b>Prohibition</b> Any disadvantageous treatments* to whistleblowers on the basis of the whistle blowing are prohibited.</p> <p>*Disadvantageous treatment can include transfers, secondments, etc.</p>	<p><b>Invalidation</b> Dismissals, termination of dispatch worker contracts and <b>disciplinary actions</b> made on the basis of the whistleblowing are invalid.</p> <p><b>Newly Added Presumption for Invalidation:</b> <b>Dismissals or disciplinary actions to employees which occur within one year</b> after the whistleblowing report is made would be presumed to have been made on the basis of whistleblowing and the company would have the <b>burden of proof</b> to prove that the action was <b>not done “on the basis of”</b> the whistleblowing. Dismissals or disciplinary actions which are deemed to be made “on the basis of” are considered invalid.</p>
<b>Whistleblowing Obstruction</b>	No current restrictions.	Unless there is a valid reason, preventing or disincentivizing someone from making a whistleblowing report, such as by demanding an individual agree to not make a report, telling an individual that he/she will be treated disadvantageously, etc. is prohibited.
<b>Criminal Sanctions for Dismissal and Disciplinary Action</b>	Currently no criminal sanctions for dismissal and disadvantageous treatment	<p><b>Newly Added Criminal Sanctions*</b> for dismissals and disciplinary action on the basis of the whistleblowing:</p> <p>To individuals</p> <ul style="list-style-type: none"> <li>Imprisonment of up to 6 months, or</li> <li>Fine of up to 300,000 JPY</li> </ul> <p>To companies</p> <ul style="list-style-type: none"> <li>Fine of up to 30,000,000 JPY</li> </ul> <p>*Note the “on the basis of” presumption does not apply to criminal cases.</p>

		Current Law	After Amendments
Applicability Companies	to	<p><b>Large Companies (300+ Employees):</b> Must establish internal reporting systems and designate responsible personnel.</p> <p><b>Small Companies (&lt;300 Employees):</b> Not legally required to establish a reporting system, but must still respond appropriately if a report is made.</p>	No Change
Designating Responsible Personnel (300+ Employees)		<p><b>Administrative Measures</b> For failure to designate responsible personnel, the following administrative measures can be taken:</p> <ul style="list-style-type: none"> <li>• Administrative instructions</li> <li>• Administrative recommendations</li> </ul>	<p><b>Administrative Measures</b> For failure to designate responsible personnel, the following administrative measures can be taken:</p> <ul style="list-style-type: none"> <li>• Administrative instructions</li> <li>• Administrative recommendations</li> <li>• <b>On-site inspections</b></li> <li>• <b>Administrative orders for non-compliance of administrative recommendations</b></li> </ul> <p><b>Criminal Sanctions (Newly Added)</b> Fine up to 300,000 JPY can be imposed for:</p> <ul style="list-style-type: none"> <li>• Noncompliance of the administrative order</li> <li>• False Reporting/non-reporting when required</li> <li>• Inspection refusal</li> </ul>