

# VLT Quarterly Client Update

April 2022

## Amendments to Whistleblower Protection Act

In June 2020, the Whistleblower Protection Act (*Act*) was amended and the amendments will take effect on June 1, 2022. The purpose of the amendments is to require firms to establish a whistleblowing system and expand the scope of protection in order to promote whistleblowing.

### *Company Obligations*

The changes in the law require that:

1. For large firms (companies with more than three hundred employees), those firms have an obligation to establish an internal system including designating personnel to deal with reports of whistleblowing. For companies with fewer than 300 employees, the firm needs to make an effort to do the same.
  - i. Failure to establish this system would result in the Consumer Affairs Agency (*CAA*) making inquiries as well as receiving guidance/recommendations from the CAA
  - ii. Failure to follow the CAA's guidance would result in the name of the firm being publicly reported for violations
2. In order to properly achieve item 1, administrative measures such as government agency instructions, guidance, or the publicizing of the firms name for non-compliance of guidance, can be taken.
3. Firms need to impose a confidentiality obligation on the designated personnel dealing with reports of whistleblowing. If a person violates his/her confidentiality obligation, a criminal fine may be imposed.

### Additional Links

Note all links are Japanese language only.

- [Consumer Affairs Agency Guidance](#)
- [Overview from Consumer Affairs Agency](#)
- [Consumer Affairs Agency Q&A](#)

### *Scope of Protection*

1. Under the current version of the Act, only current “employees” are protected, but after the amendments take effect, employees who have left the firm within one year of making the report as well as directors/officers will be protected.
2. Under the current version of the Act, “whistleblowing” only covers incidents in which criminal liability could be imposed on the firm for violating the listed laws, but after the amendments take effect, incidents in which administrative penalties could be imposed on the firm will also be included.

### *Recommended Actions*

CAA provided detailed guidance on what kind of measures firms need to take to establish an internal system. Some examples are (i) implement a point of contact for the whistleblower, (ii) ensure that those in charge of the whistleblowing investigation are independent, (iii) conduct an appropriate whistleblowing investigation, taking immediate action if some wrongdoing is found out after the investigation, and (iv) ensure that there are no conflicts of interest. Another recommendation is for the firm to provide whistleblowing training to its employees and to implement internal rules regarding whistleblowing. For more detailed information, please review the guidance released by CAA.