

Summary of Whistleblower Protection Act in Japan (Act No. 122 of 2004)

2020 Amendment
(Effective from June 1, 2022)

1. Purpose

This act aims to protect whistleblowers from dismissal or any other unfavorable treatment due to whistleblowing and to promote compliance by business entities with the provisions of laws related to the protection of the lives, bodies, property and other interests of the citizens, thereby contributing to the stability of the citizens' lives and the sound development of the society and economy.

2. Eligible Whistleblowers

- Workers, executive officers and retirees within one year
- Who report Misconduct regarding their Workplace
- Subject to Criminal Punishment or Civil Fine (*1)
- Without Wrongful Purpose

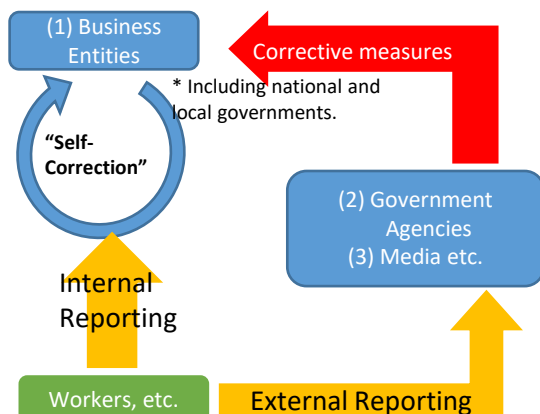
*1 Applies to laws (approx. 500) concerning the protection of the lives, bodies, property, etc. of citizens:

3. How are Whistleblowers Protected?

- Dismissal or Cancellation of worker dispatch contract - **Void**
- Demotion, salary reduction or any other unfavorable treatment - **Prohibited**
- Claiming for damages – **Not Allowed**

A person who is subject to dismissal and other unfavorable treatment, because of blowing the whistle, can appeal to the court by insisting that her/his employer has violated the whistleblowers' protection.

4. Reporting Channels and Requirements of Protection



Requirements of protection vary depending on where whistleblowers report to.

- (1) **To Business Entities** (internal hotlines, superiors, etc.)
> An employee should believe a violation of laws has occurred.
- (2) **To Government Agencies**
> An employee should have reasonable grounds to believe that a violation of laws has occurred
> or should believe a violation of laws has occurred and submit the document including the name of the employee and details of the breach.
- (3) **To the Person who is Necessary to Prevent the Occurrence and Expansion of Damage**
> An employee should have reasonable grounds to believe that the breach has occurred and any of the followings applies.
(Ex. High risk of the evidence being destroyed in the case of internal reporting, or no investigation being conducted for a certain period after reporting)

5. Obligation for Business Entities to Establish a System

- Business entities (*2) should establish the necessary system to respond appropriately to internal reports
Ex.) Setting up a hotline, designating personnel handling an internal reports and investigations and formulating internal policies, etc.
- Administrative measures (advice, guidance and recommendations, and public announcement in case of non-compliance with recommendations) for business entities which breach the obligation to establish the system.
- The personnel engaged in handling with internal reports and investigations should keep the confidentiality of information that identifies the whistleblower and violation of the obligation results in a fine up to 300,000 yen.

*2 Obligation to make efforts for companies with 300 or fewer regular employees.