

Protection of Whistleblowers – New Obligations for Employers

What's new?

- The bill on reporting person protection introducing institutional reporting person protection in the Czech Republic (the “Act”) has taken final form and has been published in the Collection.
- **The Act shall enter into force as of 1 August 2023.**
- The Act imposes an obligation on selected entities to **ensure the establishment and operation of an internal reporting system and to designate a competent person** to receive and assess the reasonableness of **the report made by whistleblowers of unlawful conduct of which they have become aware in connection with their work.**
- In addition to the internal reporting system, the Act introduces a prohibition on the application of retaliatory measures against whistleblowers and other protected persons; protected persons will include, in particular, employees, cooperating self-employed persons, employees of suppliers, but also, for example, employment applicants, volunteers or interns, and persons close to or related to them.

Who is affected?

- The obligation to ensure the establishment and operation of an internal reporting system and the designation of the competent person applies to **all employers with more than 50 employees** under the Act.
- In addition to companies with more than 50 employees, the obligations also apply to **public contracting authorities, except for municipalities with up to 10,000 inhabitants, and other obliged persons**, in particular companies operating in the field of provision and intermediation of consumer credit, investment companies and funds, insurance and reinsurance intermediaries, insurance and reinsurance companies.

By when is it necessary to comply with the Act?

- Obligated entities apart from public contracting authorities and entities employing **at least 50 and less than 250** employees on the date of the Act's entry into force, will be obliged to implement an internal reporting system latest **by 15 December 2023.**
- **Other obliged entities** will have to comply **by 1 August 2023.**

What does it mean for your organization?

- If your organisation becomes an obliged entity, the following obligations apply:
 - to appoint a **competent person** responsible for receiving and dealing with the report and to provide the material conditions for that person to carry out his/her activities;
 - to establish an **internal reporting system**, i.e. to ensure:
 - publication of information on reporting methods and the identification and contact details of the competent person;

- advising the relevant person of his or her rights and obligations;
- the possibility for the reporting person to submit a report through the internal reporting system according to the methods specified by the Act;
- that only the relevant person may inspect the notices given;
- proper processing, communication and assessment of the reasonableness of the report by the competent person;
- taking appropriate action to remedy or prevent unlawful conditions following the report; and
- appropriate documentation and recording of related activities;
- **inform** employees and other persons of the methods of reporting through the internal reporting system and the possibility of filling a report using the Czech Department of Justice's reporting system;
- ensure that **whistleblowers are protected from retaliatory measures**;
- be aware of the related **processing of personal data** and the continuity with **current internal compliance processes**.

What are the sanctions?

- Failure to comply with obligations under the Act may be classified as an **offence** for which a fine may be imposed.
- Penalties may be imposed not only on the **obliged entity** (up to CZK1,000,000) but also on the **competent person** (up to CZK100,000) or on **anyone** who obstructs the reporting person in any way from making a report (up to CZK100,000).
- A whistleblower can be fined up to CZK 50,000 for making a knowingly false report.

Jak postupovat?

- It is therefore the right time for (future) obliged entities to start **preparing** and **implementing** a credible comprehensive internal whistleblower protection process, which includes in particular the establishment of an internal reporting system and the assignment of a competent person.
- Along with the solution it is necessary to include an **external report software tool that comprehensively covers the entire report lifecycle** and allows for the management and secure communication with whistleblowers.
- Similarly, it is necessary to prepare related **documentation and training** to fulfil information and other obligations and to set the terms of the use of the internal report system and to define the rules of conduct of the competent person and the process of assessment of the reports in accordance with the Act.

The PEYTON legal team is fully available and ready to assist you with whistleblower protection concerns.

For more information, see our recent article – [here](#).

Do not hesitate to contact us at any time.



Mgr. Jakub Málek
managing partner
malek@plegal.cz



Mgr. Tomáš Maux
junior lawyer
maux@plegal.cz



Mgr. Kateřina Lansdorfová
junior lawyer
lansdorfova@plegal.cz