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**Legal - Forensics Newsletter**

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# Whistleblowing in the global compliance landscape

This Legal - Forensics Newsletter emphasizes the growing role of whistleblowing in modern governance and compliance frameworks, and highlights key considerations for organizations operating in Vietnam. This is the first article in our in-depth whistleblowing series, with future articles exploring related legal, compliance and personal data protection considerations.

Whistleblowing has evolved from an employee protection mechanism into an increasingly important component of corporate governance, compliance and risk management frameworks. Across jurisdictions, organizations are facing growing expectations to establish effective reporting channels, protect reporting persons and ensure that allegations of misconduct are addressed in a timely and appropriate manner.

Although Vietnam does not currently have a standalone legal framework governing whistleblowing system in private enterprises, relevant principles can be found in denunciation and anti-corruption legislation. At the same time, evolving stakeholder expectations, growing focus on anti-corruption and anti-money laundering, and increasing emphasis on corporate accountability continue to drive the adoption of internal reporting mechanisms across organizations.

This Legal - Forensics Newsletter highlights:

- The concept of whistleblowing and the key stakeholders involved in a whistleblowing process
- The evolution of whistleblowing and its transformation into a key element of modern governance, compliance and risk management frameworks
- Common whistleblowing models and reporting structures
- The current legal and regulatory landscape relating to whistleblowing in Vietnam
- Why effective whistleblowing mechanisms matter from a governance, culture, compliance and risk management perspective

## 1. Overview

Whistleblowing refers to the formal reporting or disclosure, through channels established by an organization or competent authority, of violations of laws, internal policies and ethical standards, or other forms of misconduct that the reporting individual knows of or reasonably suspects have occurred or are occurring.

Key stakeholders typically involved in a whistleblowing case may include:

- **Whistleblower:** the individual who reports or discloses the concern
- **Subject of the report:** the individual(s) whose conduct is the subject of the allegation
- **Witnesses:** individuals who may possess relevant information or evidence
- **Investigation team:** personnel responsible for fact-finding and assessing the allegations
- **Case owner/compliance officer:** the individual responsible for overseeing case handling and ensuring compliance with applicable procedures
- **Supporting functions:** human resources, legal, internal audit and/or external counsel engaged as needed depending on the nature, complexity and subject matter of the allegation

In 2025, NAVEX's *Whistleblowing & Incident Management Benchmark Report* reflects data from 4,052 organizations, representing approximately 77 million employees. The dataset tracks 2.37 million reports, with the highest volumes in retail trade, health care and social assistance, finance and insurance, and transportation and warehousing. Furthermore, more than half of the reports involve workplace conduct, including discrimination, harassment, workplace civility, retaliation, compensation and benefits, and substance abuse.<sup>1</sup>

From a fraud risk management perspective, whistleblowing remains one of the most effective tools for identifying misconduct, fraud and corruption before they escalate into significant financial, regulatory or reputational consequences. According to the Association of Certified Fraud Examiners' (ACFE) *Occupational Fraud 2026: A Report to the Nations*, 43% of occupational fraud cases were initially detected through tips, making whistleblower reports the single most common method of fraud detection. More than half of these tips came from employees, underscoring the critical role that a trusted and effective reporting framework can play in helping organizations detect issues early and strengthen corporate governance.<sup>2</sup>

## 2. The evolution of whistleblowing: from employee protection to corporate governance

Whistleblowing frameworks did not emerge as a corporate compliance requirement from the outset. Rather, they evolved gradually from employment-law protections designed to shield employees from retaliation into sophisticated corporate governance mechanisms with dedicated reporting and investigation channels. In specifics:

- 1982 - ILO Convention No. 158 on termination of employment provided an early international recognition that employees should not be terminated for filing a complaint or participating in proceedings against an employer.<sup>3</sup> This lays the foundation for the principle that employees should be protected when reporting wrongdoing.
- 1989 - The U.S. Whistleblower Protection Act further advanced this concept by establishing a dedicated statutory framework protecting federal civil service employees against retaliation for reporting misconduct, including violations of law, abuse of authority and threats to public

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<sup>1</sup> "2026 Whistleblowing and Incident Management Benchmark Report", NAVEX website, NAVEX report, accessed 26 August 2026.

<sup>2</sup> "Occupational Fraud 2026: A Report to the Nations", ACFE website, ACFE report, accessed 26 August 2026.

<sup>3</sup> "Legislative Series: Termination of Employment, Report VIII(2)", International Labour Organization website, ILO report, accessed 26 August 2026.

health and safety.<sup>4,5</sup> The focus remained on whistleblower protection rather than on requiring formal reporting system establishment.

- 2002 - The Sarbanes-Oxley Act (SOX) represented a significant shift and transformed whistleblowing into a compliance mandate. In response to major corporate scandals, SOX moved beyond merely protecting whistleblowers and required audit committees of listed companies to establish procedures for the confidential and anonymous reporting of accounting and auditing concerns.<sup>6</sup> This marked the emergence of whistleblowing channels as a core component of corporate compliance programs.
- 2019 - The EU Whistleblower Directive accelerated this trend by requiring public-sector bodies and many private-sector organizations (including entities with 50 or more employees) to maintain internal reporting channels and procedures for handling whistleblower reports.<sup>7</sup> Whistleblowing thereby evolved from a protective mechanism into an essential governance pillar across a broad range of organizations.
- Despite this broader global movement toward transparency, the regulatory landscape remains heavily fragmented. While some jurisdictions have adopted comprehensive whistleblower frameworks, others continue to rely on a complex patchwork of employment and anti-corruption laws or sector-specific legislation. Some countries are still offering limited formal whistleblower protections while others continue to strengthen reporting and protection mechanisms in response to growing corporate governance and compliance expectations.<sup>8</sup>
- Today, whistleblowing systems are universally regarded as a cornerstone of modern compliance, ethics and ESG frameworks. Regulatory expectations increasingly extend beyond basic anti-retaliation to encompass effective and accessible reporting channels, investigation procedures and remediation mechanisms, reflecting the growing role of whistleblowing in corporate risk management and accountability.

### 3. Common whistleblowing models

Whistleblowing mechanisms can generally be categorized based on (i) the reporting channel through which concerns are submitted and handled, and (ii) the level of protection afforded to the whistleblower's identity.

#### a) Reporting channel models

Organizations may establish either internal or external reporting channels.

**Internal reporting channels** enable employees and other stakeholders to raise concerns directly within the organization. Depending on the organization's structure and compliance framework, internal reporting mechanisms may be implemented through various models, including:

- **Subsidiary-level reporting** channels, where reports are received and reviewed by the relevant local entity or branch involved
- **Headquarters-level reporting** channels, where reports are centrally managed by the parent company or a group compliance function

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<sup>4</sup> "The Whistleblower Protection Act: An Overview", Congress.gov website, CRS Report No. R48318, accessed 26 August 2026.

<sup>5</sup> "Whistleblower Protection Act Fact Sheet", U.S. House of Representatives website, fact sheet, accessed 16 July 2026.

<sup>6</sup> "SEC Requires Exchange Listing Standards for Audit Committees", U.S. Securities and Exchange Commission website, SEC press release, accessed 26 August 2026.

<sup>7</sup> "Directive (EU) 2019/1937", EUR-Lex website, Directive webpage, accessed 26 August 2026.

<sup>8</sup> "Committing to Effective Whistleblower Protection", OECD website, OECD publication, accessed 26 August 2026.

- **Outsourced (third-party) reporting** channels, where an independent third party, such as a law firm or specialist service provider, receives and administers whistleblowing reports on behalf of the organization

By contrast, **external reporting channels** allow whistleblowers to bypass internal reporting mechanisms entirely and submit concerns directly to competent authorities, regulators, or other designated external bodies, which are responsible for assessing and handling the reported misconduct.

#### b) Anonymous and confidential reporting

Irrespective of the designated reporting mechanism, entities must establish whether submissions can be made on an anonymous or confidential basis.

- **Anonymous reporting:** The whistleblower's identity is completely **unknown** to the organization. The report is submitted without any personal identifying information.
- **Confidential reporting:** The whistleblower's identity is **known** to designated personnel, but it is strictly safeguarded and only disclosed to authorized individuals strictly on a need-to-know basis or as legally required.

Relating to this, the world's most prominent data protection framework - the EU's General Data Protection Regulation (GDPR) - does not expressly require organizations to permit anonymous reporting. Rather, its provisions focus heavily on safeguarding the personal data and identities of whistleblowers. Consequently, many organizations offer anonymous reporting as a pragmatic approach to encourage employees to speak up while ensuring compliance with stringent data protection standards.

### 4. Legal and regulatory landscape in Vietnam

Unlike other jurisdictions, where whistleblower protection and reporting mechanisms have become the subject of dedicated legislation, Vietnam does not currently have a standalone legal framework specifically governing whistleblowing systems within private enterprises. At first glance, this may create the impression that whistleblowing remains largely unregulated under Vietnamese law. In reality, however, a number of legal instruments touch upon different aspects of reporting misconduct, protection of reporting persons, and the handling of complaints and allegations.

For example, the Law on Denunciations 2018 establishes a formal mechanism for individuals to report violations of law to competent authorities and provides a range of protections for whistleblowers, including measures to safeguard their identity, personal safety, employment, and other lawful rights and interests. Alongside this, the Law on Anti-Corruption 2018 reinforces the role of reporting in the prevention and detection of corruption by promoting the disclosure of corrupt practices and encouraging individuals and organizations to participate in anti-corruption efforts.

More recently, the Law on Personal Data Protection 2025 and its implementing regulations have further strengthened these safeguards by imposing obligations on organizations to protect personal data, including information that may reveal the identity of a reporter, thereby helping to reduce the risk of unauthorized disclosure and retaliation. Together, these developments reflect a growing recognition that effective reporting mechanisms depend not only on encouraging individuals to speak up, but also on ensuring that their identity and personal information are adequately protected throughout the reporting process.

Further, from a private law perspective, whistleblowing may also give rise to civil and employment-related issues depending on the facts. These may include claims by a whistleblower

where retaliatory measures affect their employment or other lawful rights and interests; claims by the subject of a report where allegations are knowingly false, malicious, or handled in a manner that unlawfully affects their honour, dignity, reputation or economic interests; and potential liability arising from the misuse or unauthorized disclosure of personal data, confidential information or investigation materials. These issues are fact-sensitive and would need to be assessed separately from any regulatory, disciplinary or criminal aspects of the reported misconduct.

While these laws do not require private companies to implement whistleblowing systems in the same manner as certain foreign jurisdictions, they nevertheless reflect broader policy objectives that are highly relevant to the design of internal reporting mechanisms—namely, encouraging the reporting of misconduct, protecting whistleblowers' identity, and ensuring that allegations are addressed appropriately.

## 5. Why does it matter?

Whistleblowing is often associated with fraud, corruption or serious misconduct. However, in practice, its value extends far beyond compliance. A well-functioning whistleblowing mechanism can strengthen employee trust, foster a speak-up culture and provide management with early visibility into risks that may otherwise remain hidden.

Conversely, the absence of a trusted reporting channel may allow concerns to rapidly escalate into regulatory investigations, financial losses or reputational crises. In today's environment, stakeholders increasingly expect organizations not only to comply with the law, but also to demonstrate transparency, accountability and ethical business conduct. This expectation has become particularly relevant as anti-corruption and anti-money laundering standards continue to evolve globally. Vietnam's inclusion in the Financial Action Task Force (FATF)'s list of Jurisdictions Under Increased Monitoring has further underscored the pressing need for organizations in the region to implement rigorous internal controls and compliance frameworks.

The ACFE's 2026 study found that the typical occupational fraud scheme continued for 12 months before detection,<sup>9</sup> highlighting the risks associated with delayed reporting. This is particularly relevant in Vietnam, where Vietnamese Labour Code 2019 imposes strict six- to 12-month statutory limitations on disciplinary actions, calculated from the date of the breach occurrence, a secure and effective whistleblowing channel is indispensable. It allows organizations to uncover illicit acts early, promptly collect and evaluate relevant information and execute defensible, legally compliant disciplinary measures before the statutory limitations expire.

Employees and other stakeholders can serve as an organization's early-warning network, helping to identify misconduct before it escalates. The effectiveness of that network, however, depends on whether individuals recognize potential wrongdoing, know how and where to report it, trust the reporting process and believe they will be protected from retaliation. In this context, the effectiveness of a whistleblowing program should not be measured solely by the number of reports received, but by whether it encourages concerns to be raised and addressed at an early stage. The question for organizations is therefore no longer whether employees will speak up, but whether the organization has established a mechanism that enables concerns to be raised, heard and addressed before they become a legal, financial or reputational issue.

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<sup>9</sup> "Occupational Fraud 2026: A Report to the Nations", ACFE website, ACFE report, accessed 26 August 2026.



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