



Establishment and Operation of Whistleblower Systems in Vietnam

1. Introduction

In recent years, there has been increasing urgency (particularly for listed companies) to establish robust global compliance frameworks in response to the growing emphasis on ESG (Environmental, Social, and Governance) principles and heightened expectations for managing reputational risk¹.

Among these risks, bribery involving foreign public officials is subject to stringent regulation not only in Japan but also across jurisdictions worldwide, necessitating a highly cautious and strategic approach². Vietnam, in particular, has been recognized as a high-risk jurisdiction for bribery and other forms of corruption³, making it essential for global companies operating there to implement effective preventive measures.

In this regard, the adoption of a whistleblower system and its proper maintenance can serve as a powerful mechanism to enhance anti-corruption efforts. For instance, according to Occupational Fraud 2024: A Report to the Nations, published by the Association of Certified Fraud Examiners (ACFE), 43 % of the 1,913 investigated fraud cases were uncovered through whistleblower tips⁴.

This article outlines the legal framework governing whistleblower systems that Japanese companies operating in Vietnam should be aware of and provides practical guidance for implementing and managing such systems effectively in the local context.

2. Types of Whistleblower Systems

The whistleblowing systems can be categorized into several types based on the reporting channel (Figure 1). For instance, the implications of a report differ significantly depending on whether the contact channel is established within the company (internal whistleblowing) or whether it is handled externally, such as by a government agency (external whistleblowing). Furthermore, internal reporting itself can be subdivided according to whether each subsidiary maintains its own reporting

¹ Reputational risk refers to potential damage to a company's credibility and public image, which can lead to significant economic losses and diminished brand value.

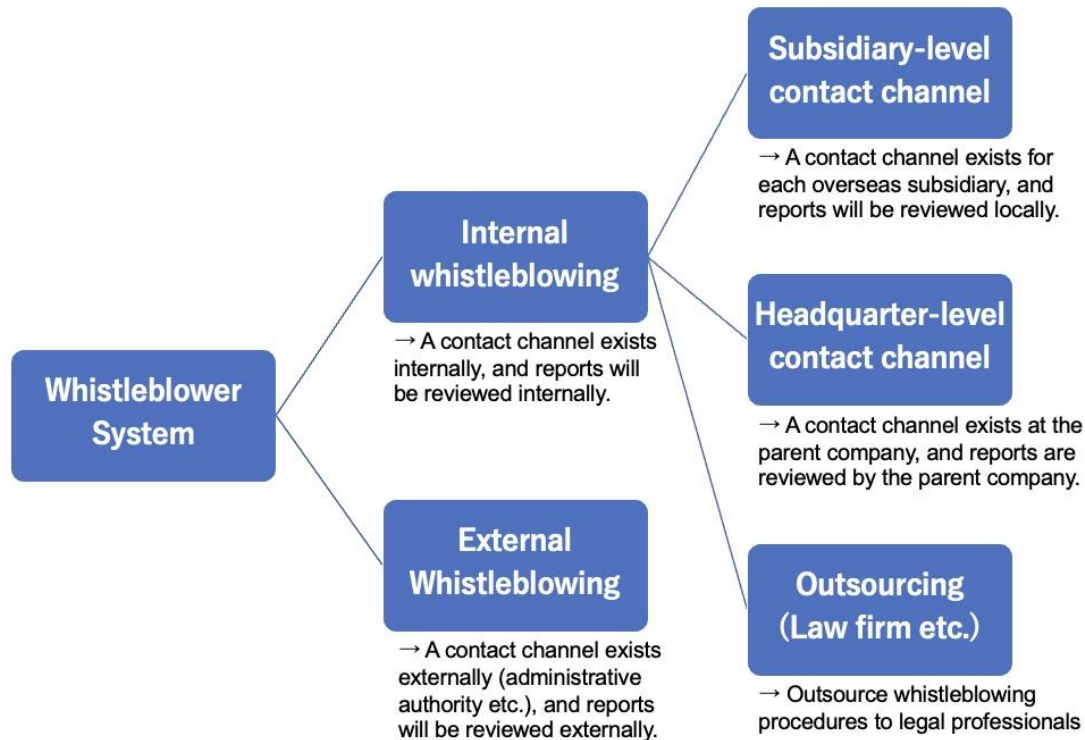
² For more information on foreign bribery regulations and practical responses, our Firm's newsletter; [Risk Management for Vietnam Bribery Cases](#).

³ <https://www.moj.go.jp/content/001406244.pdf> (last viewed on July 3, 2025)) In addition, according to the "Corruption Perceptions Index" in 2024 conducted by Transparency International, Vietnam ranks 88th out of 180 countries. <https://www.transparency.org/en/countries/vietnam> (last viewed on July 3, 2025)

⁴ ACFE "OCCUPATIONAL FRAUD 2024 A REPORT TO THE NATIONS," p. 4. https://www.acfe.jp/wp-content/uploads/2024/07/RTTN_2024_JP1-.pdf (last viewed on July 3, 2025)

channel (subsidiary-level contact channel) or whether reports are centralized at the parent company (headquarter-level contact channel). Parent companies or subsidiaries can also outsource internal whistleblowing operations to law firms or other entities.

Figure 1: Types of Whistleblower Systems



(Source: Prepared by the author)

3. Whistleblower system that Japanese companies must comply with in Vietnam

(1) Vietnamese Laws and Regulations

Under Vietnamese law, the establishment of internal whistleblowing systems is not universally mandated across all organizations. However, companies operating in specialized sectors are subject to different requirements regarding internal whistleblowing. Banks and non-bank credit institutions are required to establish and uphold a professional code of ethics and an internal whistleblowing mechanism that enables whistleblowers to report misconduct and wrongdoing within their organizations. The internal whistleblowing mechanism must protect the identity and interests of whistleblowers⁵.

Public companies and credit institutions must establish whistleblowing mechanisms to handle reports of corruption (conflicts of interest) and provide appropriate measures to promptly protect whistleblowers in this regard⁶.

⁵ Article 15 and 19 of Circular no. 13/2018/TT-NHNN as amended in 2018, 2023 and 2024; Article 14, 17 of Circular 14/2023/TT-NHNN

⁶ Article 54 of Decree 59/2019/NĐ-CP

Vietnam also has complex legislation on external whistleblowing, which involves reporting misconduct to government authorities, e.g. the Law on Denunciations (No. 25/2018/QH14) and the Criminal Procedure Code. Under these laws, individuals who become aware of unlawful acts may report them to the competent authorities following the prescribed procedures⁷.

In principle, Vietnamese laws do not allow anonymous whistleblowing⁸ unless the whistleblower tips or reports clearly identify the individuals involved in the alleged violations of law and are supported by specific, verifiable evidence; in such cases, the tips or reports shall be assigned to enforcement staff for investigation⁹. The law does include provisions for whistleblower protection¹⁰.

Internal whistleblowing is still limited in Vietnam. In the well-known whistleblowing cases in Vietnam, all whistleblowers alleged the internal whistleblowing system failed to address their concerns appropriately, which led them to report the matter to the public and Vietnamese authorities.¹¹

(2) Japanese Laws and Regulations

In Japan, the Whistleblower Protection Act underwent revisions in 2022, introducing a system specifically for internal whistleblowing. Companies with more than 300 employees must establish a comprehensive response mechanism for whistleblowing, as outlined in Articles 11.1 and 11.3 of the Whistleblower Protection Act¹².

It is important to note that these provisions exclusively apply to businesses within Japan and do not extend to overseas subsidiaries¹³.

In contrast, the “Corporate Governance Code,” which serves as a guideline for Japanese listed companies, suggests the establishment of an appropriate whistleblowing system and stipulates that the board of directors is responsible for implementing and supervising the system’s operation¹⁴.

The “Practical Guidelines on Group Governance System,” a practical guideline derived from the Corporate Governance Code, emphasizes that the group headquarters should take the initiative in developing a comprehensive whistleblowing system across the entire group. The report presents an example of a Western company that has successfully implemented a company-wide whistleblowing system, encompassing both its domestic and overseas subsidiaries¹⁵.

⁷ Article 3.1, 5, 9 etc. of Law on Denunciations

⁸ Article 9.2(a), 23, 25.1 of Law on Denunciations, Articles 56, 479 of the Criminal Procedure Code

⁹ Article 25.2 of Law on Denunciations

¹⁰ Article 4.2 of Law on Denunciations

¹¹ In 2011, an engineer reported serious technical defects in vehicles manufactured at Toyota’s plant in Vietnam to the Vietnamese authorities, which led to a massive recall in 2011. In June 2025, a Vietnamese staff member at C.P. Vietnam publicly reported that C.P. Vietnam had been supplying diseased pork. See the sources: <https://vir.com.vn/toyotas-whistle-blowing-engineer-honoured-7812.html>, last visit on 3 July 2025; and <https://news.tuoitre.vn/cp-vietnam-whistleblower-says-hes-provided-sufficient-evidence-to-authorities-103250605154717889.htm>, last visit on 3 July 2025

¹² On June 11, 2025, the Act to Partially Amend the Whistleblower Protection Act was promulgated. This amendment focuses on expanding the definition of “whistleblowing” and enhancing the protection afforded to whistleblowers.

¹³ “Summary of public comments received”, p. 50 in the Appendix “Summary of public comments received” regarding the “Guidelines (draft) necessary for appropriate and effective implementation of measures to be taken by business operators pursuant to the provisions of Article 11, Paragraphs 1 and 2 of the Whistleblower Protection Act”

(<https://public-comment.e-gov.go.jp/pcm/download?seqNo=0000223499> (last viewed on July 3, 2025))

¹⁴ Tokyo Stock Exchange “Corporate Governance Code” Principle 2– 5, Supplementary Principle 2– 5① (<https://www.jpx.co.jp/equities/listing/cg/index.html> (last viewed on July 3, 2025))

¹⁵ Ministry of Economy, Trade and Industry “Practical Guidelines for Group Governance Systems” 4.6.1 (https://www.meti.go.jp/policy/economy/keiei_innovation/keizaihousei/corporategovernance/guideline.html (last viewed on July 3, 2025))

In addition, the “Guidelines for the Prevention of Bribery of Foreign Public Officials,” published by the Ministry of Economy, Trade and Industry, also recommend the establishment of an internal whistleblowing system as part of the systems companies should implement¹⁶.

4. Key Considerations for Implementing a Whistleblower System

(1) Preparation of Internal Regulations for Whistleblower Systems

Vietnam does not require a specific internal whistleblowing system. Consequently, such a system can be designed with relative flexibility through the creation of internal regulations. These regulations should clearly outline the following key aspects:

- The designated contact point for whistleblower reports.
- The appropriate methods for whistleblowing.
- The scope of individuals who may be considered whistleblowers.
- The measures that will be implemented to protect whistleblower confidentiality.

(2) Dissemination and Education

Even if an internal whistleblower system is in place, if employees are not aware of, or do not comprehend, its details; if there is a propensity to refrain from reporting due to fear of retaliation; or if managerial staff are not properly trained to handle whistleblowing disclosures, the system will be ineffective. To prevent such a scenario, it is imperative to ensure that employees at all levels receive adequate training on applicable whistleblowing laws as well as on the company’s internal policies and procedures, that the legitimate interests of whistleblowers are safeguarded, and that employees’ concerns are alleviated by making them aware of the whistleblower system and providing regular in-house training and education.

(3) Dealing with disclosures by employer

An internal whistleblowing system offers clear advantages to companies in that it enables them to take action—without involving authorities—at an early stage, before information becomes publicly known. Companies should treat whistleblowing as a valuable source of insight, engage promptly and transparently with the whistleblower, and provide vital feedback so that whistleblowers understand how their disclosure has been handled and dealt with. Where appropriate, whistleblowers should be allowed to be accompanied by a trade union representative or colleague when discussing the issues raised with the company.

If a whistleblower feels that the internal process has been mishandled or that the outcome is unsatisfactory, they are significantly more likely to resort to external whistleblowing under the Law on Denunciations or to make the information public via social media. Ensuring a fair, respectful, and transparent process is therefore not only a matter of good governance but also a practical measure to prevent reputational risk and regulatory exposure.

¹⁶ Ministry of Economy, Trade and Industry, "Guidelines for the Prevention of Bribery of Foreign Public Officials," p. 10 and following (https://www.meti.go.jp/policy/external_economy/zouwai/overviewofguidelines.html) (last viewed on July 3, 2025))

(4) Personal Data Protection Decree

When whistleblowing involves the transfer of personal data to Japan, such cross-border transfers may trigger legal and regulatory obligations related to data protection. In this context, as of the date of writing (July 3, 2025), the Personal Data Protection Decree (No. 13/2023/ND-CP, hereinafter “PDPD”) is the comprehensive legislation governing personal data protection in Vietnam. The PDPD mandates the following procedures for transferring the “personal data” of Vietnamese citizens to another country (Article 25 of the PDPD; Figure 2).

Figure 2: Procedures for transferring personal data to other countries



(Source: Prepared by the author)

Therefore, when a whistleblower is Vietnamese and their personal name or other basic information is to be transferred overseas, it is necessary to submit a document assessing the impact of the transfer to the competent authorities and to notify them of the prescribed matters after the completion of the transfer.

On June 26, 2025, the National Assembly of Vietnam enacted the Personal Data Protection Law (hereinafter, “PDPL”) that will supersede the PDPD, which is scheduled to come into force on January 1, 2026. The PDPL does not substantially revise the regulations outlined in the PDPD regarding cross-border transfers¹⁷. However, it does introduce new exemptions from the transfer regulation, such as when employers store their own employees’ personal data in the cloud or when data subjects themselves transfer their own personal data across borders.

5. Conclusion

As previously outlined, a whistleblower system can be a highly effective mechanism for enhancing the efficacy of fraud prevention measures within an organization. Nevertheless, in implementing such a system, various challenges may emerge beyond those explicitly addressed in this report. Consequently, it is imperative for Japanese companies operating in Vietnam to establish and sustain a whistleblower system while simultaneously seeking guidance from relevant experts when necessary.

¹⁷ Articles 20 and 22 of the Personal Data Protection Law

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