

# Stalwartz

A WDC Initiative

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## BOARD'S RESPONSIBILITIES ON ESG LITIGATION

Excellence in Action: Kartik's  
Impactful Leadership Journey



# Kartik's Professional Summary

Kartik Chandra Pramanik is a distinguished legal professional and executive company Secretary with a rich tapestry of experience spanning over three decades. His multifaceted career is underscored by a profound commitment to law and governance, making him an exceptional candidate for a board-level position. Kartik's combination of legal acumen, regulatory insight and strategic thinking equips him with the necessary skills to contribute effectively to any board, ensuring robust governance and compliance.

Kartik's professional trajectory includes significant roles within the judicial and government sectors. Currently serving as an Advocate at the Jharkhand High Court since 2022, he has made notable contributions to the legal framework of the region. He showed his ability to handle complicated legal concerns connected to public safety and administration throughout his employment as a Law Officer in the Department of Homes, Jails and Disaster Management.

In the role of Additional Public Prosecutor, his expertise in legal proceedings proved pivotal in ensuring justice and upholding the rule of law. Prior to this, he held the position of Assistant Public Prosecutor, where he successfully managed numerous cases, demonstrating his proficiency in criminal law and advocacy. Before venturing into public prosecution, Kartik worked as a Senior Audit Officer for Co-Operative Societies, where he honed his analytical and financial skills, vital for effective governance.

Kartik's qualifications are complemented by a series of certifications that further enhance his expertise. He is recognised by the Jharkhand State Bar Council as an Advocate and has undergone extensive training in areas such as Information Technology in the Corporate Environment, criminology and public administration. His linguistic capabilities in English and Bengali add another dimension to his profile, allowing him to communicate effectively in diverse settings.

Kartik has an exceptional academic background that provides a solid basis for his work. He holds a Bachelor of Science from Sindri College and a Bachelor of Law (LLB Hons) from Vinoba Bhave University's Dhanbad Law College. He further enhanced his professional credentials by completing the Company Secretary (CS) executive programme from the Institute of Company Secretaries of India (ICSI). Additionally, he has participated in various specialised training programmes, including a national workshop on Enforcement of Intellectual Property Rights organised by the Ministry of Commerce & Industry, showcasing his commitment to ongoing education in evolving legal landscapes.

A robust foundation of expertise has been built through a diverse array of certifications, including recognition as an Advocate certified by the Jharkhand State Bar Council since 2022, demonstrating a strong commitment to legal excellence. His participation in the National Workshop on Enforcement of Intellectual Property Rights, organised by the Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India, in 2017 further enhanced his knowledge in this critical area.

In addition, Kartik honed his administrative skills at the Sri Krishna Institute of Public Administration in Ranchi and deepened his understanding of information technology in the corporate realm through a programme at Aptech in Bokaro Steel City. His commitment to continuous learning is evident from his earlier training at the Co-Operative Training Institute in Ranchi and the Police Training Institute in Hazaribagh. He also completed programmes at the National Institute of Criminology and Forensic Science in New Delhi and at the Judicial Academy Jharkhand in Ranchi.

Kartik Chandra Pramanik is an exceptionally skilled attorney with a wealth of experience and a solid academic foundation, making him a prime contender for a post at the board level. With a career marked by honesty, hard work and knowledge, Kartik is well-positioned to manage and drive compliance in a complicated legal environment while making major contributions to organisational success.

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## Article 1 : Accelerating ESG Impact Through Digital Innovation



The technological advancement and the ESG priorities are the board room agendas. India and the world in contest with multifaceted challenges have unified the digital tools in ESG principles which pave the way towards sustainable and transparent governance.

However, this transformation brings both opportunities and challenges which the board of directors has to navigate with due diligence.

The digitalisation has provided tools that help in fast decision-making, bringing transparency and accountability, the artificial intelligence, blockchain and data analytics have enabled the board of directors to make data-based decisions, improve ESG reporting with accuracy and also enabled to effectively address stakeholder's concerns.

The artificial intelligence is used to analyse the voluminous data which enables the board to identify the ESG risks so as to deal properly. The blockchain gives immutable and transparent records enabling the board to authenticate ESG claims and prevent greenwashing.

The Internet of Things (IoT) devices are used to monitor carbon emissions and resources used which aids companies to meet sustainability targets.

The increased use of digital tools by companies exposes them to cyber threats.

Robust data protection measures are necessary in place to cope with the cyber threat.

The small and medium enterprises of India lack the technological infrastructure and expertise for digital transformation.

The digital tools are used in ESG reporting, thus there is a threat of misuse for falsification in technology which may result in legal and reputational risk.

In ESG compliance and digital governance, the regulatory frameworks are evolving. The companies are required to navigate global ESG standards like the European Union's corporate sustainability reporting directions together with the Companies Act 2013.

There is enhanced transparency in digital tools as they provide real-time data so the stakeholders can verify ESG claims and make companies accountable.

The implementation of digital systems requires heavy capital investment which may deter small companies.

Due to regulatory uncertainty and clear guidance for integrating digital tools and ESG compliance it may create legal ambiguity.

There may be a skill gap due to digital literacy on the board, which may impede the effective use of digitalisation technology.

The relying on AI and data analytics may lead to decisions that prioritise efficiency over ethical consideration.

In order to address these issues companies and regulators shall have to adopt the following approaches.

1. The induction programs for directors and officers on digital tools and ESG compliance can bridge the skill gap

2. There is a requirement for industry-wide collaboration for the best practices and resources which can reduce the burden of an individual company

3. The policy should establish clear standards of ESG reporting and ethical use of technology in governance

4. The companies should invest in robust cyber security measures to safeguard the companies sensitive data to build the stockholders trust

### **Conclusion**

The future Corporate Governance in the integration of digital transformation with ESG goals is a significant challenge and the directors have to play crucial roles in guiding the transaction by using technology ethically in alignment with the objective of sustainability.



## Article 2: Board's responsibilities on ESG Litigation



In recent years the factors of Environment, Social and Governance (ESG) have become of pivotal importance in decision-making. The regulators, shareholders, stakeholders and investors scrutinise the company's performance with their respective commitments. There is an increase in ESG litigations globally and the Board of Directors are facing increased legal accountability, thus the companies must accept the legal risk and responsibilities for remedies embedded with the ESG.

ESG litigation should not be taken as a mere threat but should also be taken as an opportunity to strengthen the compliance and governance framework. Companies have to take governance measures to safeguard themselves from legal challenges posed by ESG litigation to protect their financial and reputational risks.

The increased ESG litigation is based on allegations of failure to meet sustainability targets, causing environmental harm, breach of human rights, etc.

ESG litigation, such as the case against Shell, involves legal actions centred on a company's Environmental, Social and Governance (ESG) practices. Shell's Litigation (2021): A Dutch court ruled that Shell must reduce its CO<sub>2</sub> emissions by 45% by 2030 (compared to 2019). This landmark case was based on claims that Shell's policies were insufficient to meet the Paris Agreement targets. These cases often focus on

environmental damage, human rights violations or governance failures, holding companies accountable for their impact on society and the planet.

The social responsibilities encompass several aspects in dealing with labour and employees, it requires appropriate labour charges should be paid that should be almost all facilities in the work site, they should behave softly, medical facilities, maternity benefits, non deployment of child labour are the basic things the employer has to take into consideration for the avoidance of ESG litigation arising out of this head.

There is litigation regarding greenwashing i.e.- the companies alleged their products carrying the sustainability clause are misleading, exaggerated or untrue. The securities and exchange board of India has introduced Business Responsibilities and Sustainability Reporting (BRSR).

Framework making ESG disclosure mandatory for the top listed entities. The non-compliance or inaccurate reporting under this regulation can expose companies to legal actions and penalties.

The Board of Directors, particularly Independent Directors, has critical legal responsibilities in ESG litigations.

The first legal responsibility is to oversee compliance of the company involving out-of-ESG law, regulations,

standards and their accuracy.

Secondly, due diligence in decision making especially when the project is concerned with ESG i.e. emissions in the environment, its proper assessment is imperative.

Thirdly the ESG reporting should provide ample evidence of the concern data so that there may not be falsification or exaggeration of the claim of the company regarding sustainability hence no litigation of green-washing can be launched and finally the company should address properly the issue of stakeholders engagement through the stakeholder's committee and make the project transparent for the stakeholders.

The Board of Directors can minimise the ESG Litigation by their proactive measures namely – firstly the board should take initiatives for the insurance of directors and officers.

Secondly, the ESG policies should conform to global standards to show that they may entirely be covered.

The risk management committee of the company should pay special heed to adherence to all commitments and compliances with accuracy.

The ESG reporting should be based on the data certified by an independent body for its credibility and there should be initiatives for environment audit reports.

The Board of Directors should from time to time manage the induction program for its directors, officers and employees to hone their skills in ESG policy implementation.

The Companies that address ESG Policies proactively earns its reputation for investors, stakeholders and regulators.

It becomes too easy to succeed a business by virtue of easy access to capital on the basis of ESG and sustainability compliance.

The ESG Compliance brings the company for a long time sustainability of both business profit people and planet, 3p.

The non-compliance entails the company not only reputation risk but also financial risk owing to the fact the fines imposed in the ESG litigation are high.

The ESG compliance keeps the regulators and stakeholders concerned well addressed for future success.

The robust ESG framework is not immune from the lawsuit but it does not convict the company when the petitioner fails to bring home the charges levelled against the company.

The ESG litigations are not only a threat to companies but also an opportunity for strengthening the governance of the company.

The Independent Director's oversight plays a critical role in guiding companies through this complex landscape. The oversight brings the actual compliance of the ESG policy and commitment which protects the company from legal risk and financial risk and aids strategic advantages.

## Article 3 : Integrating Human rights due diligence into Corporate Strategy (HRDD)



In the present global business scenario, integrating human rights due diligence into corporate strategies has become a converging focus for companies.

With increasing pressure from regulators, investors and civil society, businesses can no longer afford human rights as a peripheral concern. The board of directors is obligated to embed HRDD into governance frameworks, offering a dual opportunity to safeguard corporate reputation while aligning with emerging legal and ethical standards.

The UN guiding principles on business and human rights (UNGPs), call on businesses to “respect, protect, remedy” human rights impacts within their operations and supply chain. The purpose of HRDD is to identify, prevent and address adverse human rights impacts and has become increasingly relevant for the expansion of the global supply chain, the business operations across borders and ensuring ethical practices across the supply chain are essential to prevent forced labour, child exploitation and unsafe working conditions.

The European unions incorporate sustainability due

diligence corporate sustainability due diligence (csddd) and India’s draft legislation on business and human rights mandates accountability for human rights practices.

The ESG policy involves transparency in Companies handling human rights risks – failure to do this causes reputational harm, shareholder activism and litigation.

There are challenges in the human rights due diligence coming in the ambit of the following –

- Complex supply chain especially in the field of manufacturing and textiles, where it is difficult to bring transparency and master labour and environmental position.
- There is no uniform code of human rights throughout the world. In India and other developing countries, the laws relating to addressing corporate human rights responsibilities are still growing.

The small and medium enterprises do face resource constraints to follow HRDD, though there are long-term benefits.

The variants in the culture of people in different regions create hindrances for uniform human rights codes. The practices which are legally acceptable in one jurisdiction may be a violation of human rights in another jurisdiction.

The directors have the following responsibilities in the implementation of HRDD.

To ensure that the company identifies and mitigates human rights risks at all levels from operation to supply chain.

It is also to monitor compliance with the domestic and international regulations related to labour laws, discriminating policy and safety in the workplace.

The proper addressing of human rights violates, mitigates, lawsuits and also protects from reputational risk and financial risk.

The Board of Directors is required to take the following steps to integrate HRDD into corporate strategy.

- The Board of Directors should draft and enforce a human rights policy aligned with international standards
- The Board of Directors should initiate to identify areas of risk across the operation and supply chain
- The Board of Directors ensure supplier agreement with convenience of adherence to human rights standards
- The Board of Directors made a policy for starting integration of HRDD in risk management.
- The Board of Directors promotes transparency by publishing details highlighting human rights initiatives in their ESG reports
- The Board of Directors advise for implementation of a grievance mechanism by virtue of which there

may be easy access to the grievances of the stakeholders including human rights

- The Board of Directors should keep in place appropriate induction programmes for directors, officers and employees on human rights regularly to hone their skills

There are the following benefits of integrating HRDD with the corporate strategy of the company-

- The Board of Directors can proactively minimise lawsuits and protect from penalties and reputational damage
- The morale of the employees of the company can be kept high for better performance
- The confidence of investors can be enhanced by human rights practices
- The policy and implementation of human rights make a business entity successful in global competitiveness

There may be financial constraints for some small companies to integrate HRDD with the corporate strategy and will also bring complexity in legal compliance, changing the profit of the company.

The integration of human rights and due diligence into corporate strategy has become mandatory together with the globalisation of the corporate world. A responsible governance is always keen towards the sustainability policy implementation.

The adoption of the HRDD framework protects the company from the financial risk, reputational risk and achieves vision through the legal and ethical mission.

The Independent Director can play a pivotal role in making a company accomplish its strategy and policy.