



Empty Seats at the Climate Table:

Board Oversight Gaps in Hyundai Motor Company's
Climate Governance



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Solutions for Our Climate (SFOC) is an independent nonprofit organization that works to accelerate global greenhouse gas emissions reduction and energy transition. SFOC leverages research, litigation, community organizing, and strategic communications to deliver practical climate solutions and build movements for change.

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Executive Summary

In 2025, corporate governance regained renewed significance in South Korea's capital markets. Following amendments to the Commercial Act that extend corporate directors' fiduciary duties to shareholders, board accountability and oversight have gained further prominence as pivotal considerations for investors. This shift reflects the market's growing recognition that a company's strategic decision-making structures and oversight mechanisms directly drive its long-term value.

In the automotive industry, climate change is no longer merely an environmental issue. It has evolved into a business, financial, and strategic risk, as adaptation strategies—such as electrification, supply chain restructuring, and carbon regulatory risk management—directly impact companies' capital planning, cost structures, and long-term competitiveness.

Against this backdrop, this report assesses Hyundai Motor Company's climate governance structure, focusing on the composition and operation of the Board's Sustainability Management Committee and how its oversight function is executed.

The analysis reveals that, while the Committee's size and structure have expanded, no independent directors with specific climate expertise have been identified. Furthermore, a review of previous board resolutions shows limited evidence of climate risk being repeatedly addressed as a standalone strategic agenda item. Additionally, given the consistently high approval rates, it remains unclear whether climate risks are receiving appropriate board and committee attention as key oversight agendas.

A significant gap is also identified when the company's climate governance framework is assessed against international benchmarks used by global investors. Evaluation against the Climate Action 100+ (CA100+) Benchmark reveals that Hyundai Motor Company satisfies only two of the six assessment criteria for climate governance, indicating room for improvement in the Board's climate oversight framework.

Furthermore, climate risks intersect directly not only with companies' internal operations but also with their supply chains. While Hyundai Motor Company aims for carbon neutrality by 2045, its key affiliate and steel supplier, Hyundai Steel, has set a 2050 target. Given steel's outsized contribution to automotive manufacturing and its Scope 3 footprint, this timeline misalignment could complicate the company's transition investment strategies and low-carbon

procurement plans. Such a discrepancy represents a strategic risk that demands assessment at the board level.

The external environment is also shifting. The EU's Carbon Border Adjustment Mechanism (CBAM), which currently targets basic upstream materials such as steel and aluminum, is expected to expand its scope to downstream products. This shift requires that companies manage emissions across the entire supply chain rather than just at a standalone entity level. For automakers, this translates into a mid- to long-term business risk that could reshape its material procurement strategies and cost structures, making it a critical agenda item that demands proactive deliberation by the Board and the Committee.

In conclusion, while Hyundai Motor Company already has the institutional foundation to address climate issues through its Board and Committees, there is room for improvement in how effectively they oversee these issues from a risk management perspective.

Solutions for Our Climate proposes the following recommendations for improvement:

- **Enhance Board competence by appointing independent directors with climate-related expertise.**
- **Establish a framework for the Board to regularly review key agenda items regarding climate transition strategies.**
- **Establish systematic climate training for independent directors**
- **Provide detailed disclosures on the Sustainability Management Committee's activities and decision-making processes.**

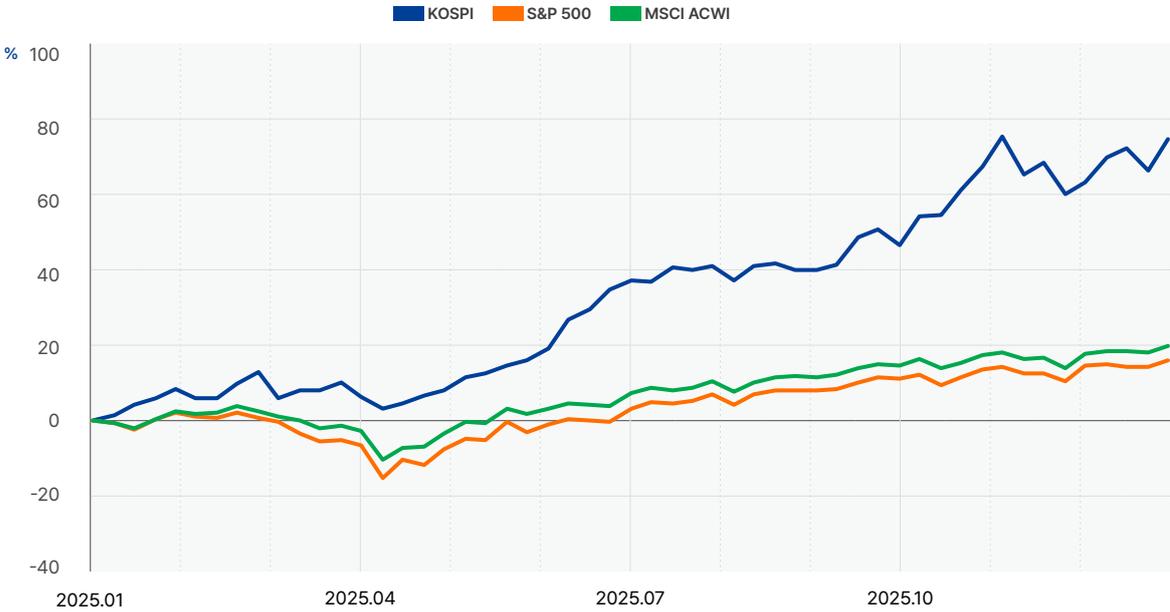
I. Hyundai Motor Company's Climate Governance Structure

2025 marked a turning point for South Korea's capital market. The Korea Composite Stock Price Index (KOSPI) rally effectively dismantled the so-called 'Korea discount'—a tendency for South Korean securities to be assigned lower valuations compared to global peers. The KOSPI finished the year with a staggering 82.9% return, outperforming the S&P 500 and the MSCI All-Country World Equity Index by 63.9 and 59.1 percentage points, respectively (based on total return in USD, [Figure 1]). While various factors fueled this surge, heightened expectations for corporate governance reform served as the primary driver. Investor interest intensified in February 2025 as discussions to amend the Commercial Act gained significant momentum. Subsequently, two rounds of amendments were passed to expand directors' fiduciary duties to 'shareholders.' This shift underscores that board accountability and corporate governance have become key considerations for investors.

Against this backdrop, it is essential to examine Hyundai Motor Company's climate governance structure. Navigating climate change has become a strategic business imperative that directly impacts the industry dynamics and competitive standing of automotive players. Consequently, board-level oversight and decision-making frameworks for climate issues are increasingly becoming critical evaluation criteria. It is therefore necessary to examine whether Hyundai Motor Company's current governance structure aligns with these heightened global expectations.

Based on this premise, this report aims to analyze the mechanisms governing climate deliberations within Hyundai Motor Company's governance structure. Specifically, we focus on the role and composition of the Sustainability Management Committee under the Board of Directors. Our objective is to evaluate how the Committee's composition and activities enhance the company's climate transparency and accountability and to identify areas for future improvement.

[Figure 1] South Korea's KOSPI and Major Stock Market Indices in 2025



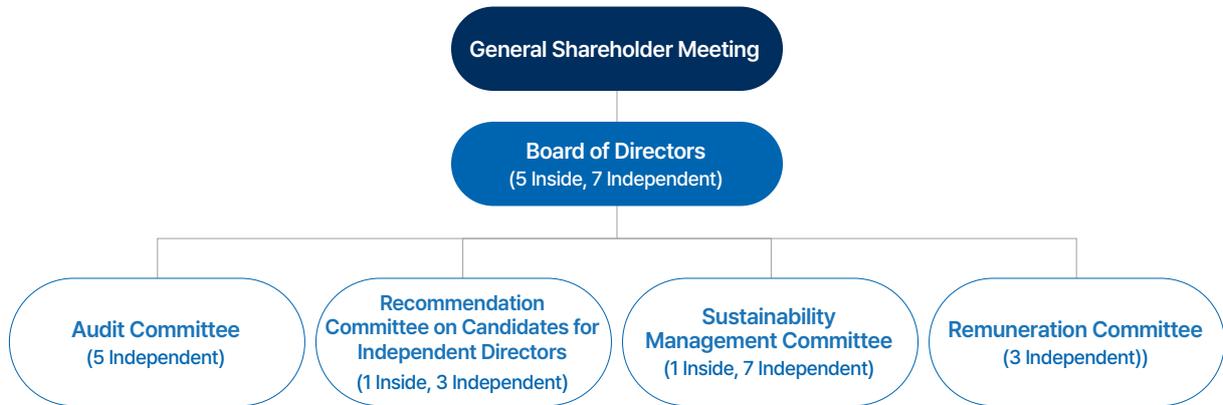
Source: Bloomberg

1) Sustainability Management Committee: Composition

In March 2021, Hyundai Motor Company reorganized its existing 'Transparency Management Committee' into the 'Sustainability Management Committee.' Previously a four-member body composed wholly of independent directors, the Committee has since expanded and currently comprises one inside director and six to seven independent directors (Hyundai Motor Company, 2022, [Figure 2]).

However, an analysis of the eleven independent directors who have served on the committee since 2021 reveals that none possess specialized expertise in environmental or climate-related fields ([Table 1]). This absence suggests the Committee's oversight of climate risks may be constrained by a lack of requisite external expertise.

[Figure 2] Hyundai Motor Company's Board of Directors and Board Committees



Source: Hyundai Motor Company's Corporate Governance Report (2025)

[Table 1] Current and Former Directors on the Sustainability Management Committee (2021-present)

Name	Classification	Expertise	Initial Appointment	Term Expiration (Scheduled)	Notes
Eun Soo Choi	Independent	Legal affairs (lawyer)	March 17, 2017	March 18, 2023	
Chi-Won Yoon	Independent	International finance, business management	March 22, 2019	March 23, 2025	
Sang-Seung Yi	Independent	Economics, governance (professor)	March 22, 2019	March 23, 2025	
Eugene M. Ohr	Independent	Global business, asset management	March 22, 2019	March 23, 2025	
Jaehoon Chang	Inside	Domestic business, etc.	March 24, 2021	December 31, 2024	Resigned
Dal Hoon Shim	Independent	Accounting, finance, tax	March 24, 2021	March 20, 2027	
Ji Yun Lee	Independent	Emerging technologies (professor)	March 24, 2021	March 20, 2027	
Muñoz Barceló José Antonio	Inside	Overall management	March 23, 2023	March 22, 2026	
Seung Wha Chang	Independent	Legal affairs, international trade (professor)	March 23, 2023	March 22, 2026	
Yoon Hee Choi	Independent	Legal affairs, labor law (professor)	March 23, 2023	March 22, 2026	
Suyi Kim	Independent	International finance, global business, asset management	March 20, 2025	March 19, 2028	
Jim Myong Doh	Independent	Emerging technologies, business management	March 20, 2025	March 19, 2028	
Benjamin Tan	Independent	Global business, asset management	March 20, 2025	March 19, 2028	

Source: Hyundai Motor Company's Corporate Governance Report (2022-2025)

2) Sustainability Management Committee: Mandate and Decision-Making Structure

In March 2021, Hyundai Motor Company reorganized the existing ‘Transparency Management Committee’ into the ‘Sustainability Management Committee,’ expanding its formal oversight on sustainability-related topics (Hyundai Motor Company, 2022). The Committee is designed to involve members directly in the company’s decision-making process by empowering them to vote on key resolutions.

Throughout 2024, the Committee held 9 meetings, reviewed 22 reporting items, and voted on 17 resolutions—all of which passed. Notably, all ten directors (both inside and independent) whose voting records have been disclosed since 2021 recorded a 100% approval rate. Voting data for 2025 appointees—Benjamin Tan, Jim Myong Doh, and Suyi Kim—has yet to be disclosed (Table 2).

While these voting outcomes reflect the Committee's operational efficiency, they simultaneously raise questions regarding whether the independent directors are effectively providing the necessary checks and balances in the decision-making process.

[Table 2] Approval Rates of Independent Directors on the Sustainability Management Committee (%)

BOD	2021	2022	2023	2024
Eun Soo Choi	100	100	100	-
Chi-Won Yoon	100	100	100	100
Sang-Seung Yi	100	100	100	100
Eugene M. Ohr	100	100	100	100
Dal Hoon Shim	100	100	100	100
Ji Yun Lee	100	100	100	100
Seung Wha Chang	-	-	100	100
Yoon Hee Choi	-	-	100	100
Suyi Kim	-	-	-	-
Jim Myong Doh	-	-	-	-
Benjamin Tan	-	-	-	-

Source: Hyundai Motor Company's Corporate Governance Report (2022-2025)

3) Sustainability Management Committee: Scope of Climate Oversight

According to the company's Articles of Incorporation and Board regulations, the Board holds a broad mandate to deliberate and resolve a wide array of matters, including "matters concerning business plans and operations" (Reference 1, 2). The Sustainability Management Committee shares this expansive mandate, providing it with the structural capacity to oversee a broad range of issues. Consequently, even in the absence of explicit "climate" terminology in the written mandates, climate initiatives—such as transition investments, EV strategy, investments in low-carbon facilities, carbon cost management, and supply chain regulatory compliance—can be incorporated into the broader mandates of "matters concerning business plans and operations" or "major investments and risk management." This suggests that the company already has the institutional foundation necessary for the Board and the Committee to address climate-related issues.

Between 2021 and 2024, the Sustainability Management Committee convened an average of eight to nine times annually to review a diverse array of topics. However, an analysis of the disclosed meeting agendas reveals that dedicated items specifically addressing climate change have remained limited. Aside from broad, high-level topics—such as the "Approval of ESG Enhancement Direction"—items focused specifically on climate change are typically tabled only once per year. Furthermore, these items are often limited to either informational reporting or the approval of existing strategies, as exemplified by the 'Approval of Hyundai's Carbon Neutrality Strategy Update' (Reference 4).

Similarly, training for independent directors has historically centered on general ESG themes. The company has conducted climate-specific sessions on several occasions since 2021—including the status, risks, and countermeasures regarding ESG and climate change (September 2021), major risk management status and mid- to long-term EV business strategies (April 2023), and business-linked topics such as battery technology trends, commercial vehicle electrification, and hydrogen business strategies (throughout 2024). While valuable, there remains a lack of consistent, recurring training that treats climate risk as a standalone subject.

Climate risk management is inextricably linked to mid- to long-term corporate strategy, including electrification strategy, capital planning, and regulatory risk management. However, evidence from Hyundai Motor Company's disclosed agendas and trainings indicates that climate risk is rarely treated as an independent, recurring agenda item, nor is it subjected to in-depth review from a strategic or financial risk management perspective. This suggests the issue is not a lack of mandate for the Board to tackle climate matters; rather, it highlights the need to assess how explicitly climate issues are integrated into the Board's core agendas.

[Reference 1] Matters Subject to Board Deliberation and Resolution Under the Articles of Incorporation

- Establishment of factories, branch offices, or sub-branch offices in domestic or foreign locations
- Dividend rates for preferred shares
- Matters concerning the issuance of new shares
- Matters concerning stock options
- Issue price of new shares
- Matters concerning the issuance of convertible bonds
- Transfer agent, the location where its services are to be provided, and the scope of its duties
- Closing of shareholder registry or fixing of record date for convening an extraordinary General meeting of shareholders
- Convocation of the general meeting of shareholders
- Appointment of Chief Executive Officer
- Appointment of Chairman of the Board of Directors
- Issuance of bonds
- Matters concerning the composition and operation of committees under the Board of Directors
- Quarterly dividends
- Annual safety and health plan

Source: Hyundai Motor Company's Corporate Governance Report (2025)

[Reference 2] Matters Subject to Board Deliberation and Resolution Under Board Regulations

- Convocation of the general meeting of shareholders
- Approval of business report
- Approval of the balance sheet, income statement, and other reports and supplementary schedules that show the company's financial position and business performance
- Agendas to be presented at the general meeting of shareholders
- Matters concerning business plans and operations
- Budget and financial close
- Major new investment plans in domestic and overseas locations
- Appointment or removal of Chief Executive Officer
- Establishment of committees and appointment or removal of their members
- Adoption of resolutions previously passed by the Board committees
- Establishment, relocation, or closure of branches

- Appointment or removal of a manager
- Decisions on short-form mergers, short-form mergers through division, small-scale mergers, small-sale mergers through division
- Issuance of new shares
- Issuance of bonds
- Capitalization of reserves
- Issuance of convertible bonds, bonds with warrants, and other new types of bonds permitted by law
- Offshore equity issuance
- Purchasing or retiring treasury stocks
- Quarterly dividends
- Cancellation of stock option
- Matters concerning borrowings, guarantees, and acquisition, disposal, or management of major assets outside the scope of ordinary business transactions
- Approval of directors' competition with the company and transactions between the company and its directors
- Other matters prescribed in relevant laws or the Articles of Incorporation or delegated by the general meeting of shareholders, or that the Chair of the Board or Chief Executive Officer deems critical to company operations and presents to the Board

Source: Hyundai Motor Company's Corporate Governance Report (2025)

[Reference 3] Sustainability Management Committee's Key Responsibilities

1. Approval of large-scale internal trading and transactions with related parties
2. Approval of key policies related to ethical management and social contribution
3. Amendment of the Corporate Governance Charter
4. Deliberation on major investments, capital contributions, and debt guarantees
5. Deliberation on transactions between the Company and directors or others
6. Matters related to the establishment and operation of a compliance support/monitoring system that the Committee deems important
7. Other matters the Committee finds significant for protecting shareholders' rights

Source: Hyundai Motor Company's Corporate Governance Report (2025)

[Reference 4] Climate-Related Agendas Addressed at Sustainability Management Committee Meetings (2021–2024)

2021 (8 meetings held; 21 reporting items, 20 resolution items)

Reporting Item (1): "Hyundai Motor Company's Carbon Neutrality Strategy"

2022 (8 meetings held; 27 reporting items, 14 resolution items)

Reporting Item (1): "Current Status of Hyundai's Carbon Neutrality Efforts"

2023 (8 meetings held; 30 reporting items, 20 resolution items)

Resolution Item (1): "Approval of Hyundai's core tasks for carbon neutrality"

2024 (9 meetings held; 22 reporting items, 17 resolution items)

Resolution Item (1): "Approval of Hyundai's Carbon Neutrality Strategy Update"

Source: Hyundai Motor Company's Corporate Governance Report (2022-2025)

II. Analysis

1) Alignment with Global Climate Governance Expectations (CA100+ Benchmark)

What are the prevailing global investor expectations for climate governance, and how does Hyundai Motor Company's performance compare to these international standards?

Climate Action 100+ (CA100+) is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take appropriate action on climate change. CA100+ evaluates the performance of companies against its own 'Net Zero Company Benchmark,' a framework built on the principle that a company's climate risk management directly affects its long-term value.

The Benchmark evaluates companies across 11 indicators, including 'Climate Governance.' For climate governance category, companies are measured against six metrics to evaluate their performance in three core areas: 1) whether the company's board has clear oversight of climate change; 2) if the company's executive remuneration scheme incorporates climate change performance elements; and 3) if the company's board has sufficient capabilities/competencies to assess and manage climate-related risks. By applying this framework, we can evaluate Hyundai Motor Company's climate governance structure through the same lens global investors use to evaluate corporate performance.

Although Hyundai Motor Company is not a CA100+ focus company, 12 of its major global competitors, including BMW and Toyota, are currently assessed under this Benchmark. The Benchmark's assessments of these peers establish an industry baseline, representing the minimum standards global investors expect.

According to the CA100+ Benchmark results, these 12 global automakers meet an average of approximately 2.2 out of the six climate governance metrics (Table 3). Mercedes-Benz Group AG emerged as the top performer in this category, fulfilling five of the six metrics.

An evaluation of Hyundai Motor Company against the same criteria reveals that the company partially meets two of the six climate governance metrics. According to its 2025 Sustainability Report, the company's Sustainability Management Committee deliberates on ESG issues, including climate change, on a semi-annual basis and oversees and decides on related matters (Metric 1.A). Furthermore, the report indicates that the CEO's Key Performance Indicators include the carbon neutrality achievement rate and the status of the carbon neutrality implementation

framework (Metric 2.A). This demonstrates that the company’s remuneration scheme has partially incorporated climate change performance elements.

However, as climate-related discussions are embedded within the broader ESG framework, it is difficult to determine from disclosures alone if climate risk receives dedicated, independent Board-level oversight. Furthermore, current reporting lacks details required to evaluate other criteria, such as whether the Board has climate expertise, has conducted a competency assessment, or has implemented measures to enhance these competencies

[Table 3] CA100+ Climate Governance Assessment Criteria and Results for 12 Automakers

Company	Mercedes-Benz Group AG	Honda Motor Co., Ltd.	Stellantis N.V.	Volkswagen AG	Bayerische Motoren Werke AG	Ford Motor Co.	Nissan Motor Co., Ltd.	Renault S.A.	Suzuki Motor Corp.	General Motors Co.	Toyota Motor Corp.	SAIC Motor Corp. Ltd.
1. The company’s Board has clear oversight of climate change.												
A. The company discloses evidence of Board or Board committee oversight of the management of climate change risks.												
	O	O	O	O	O	O	O	O	O	O	O	X
B. The company has named a position at the Board level with responsibility for climate change.												
	O	O	O	O	X	X	O	X	O	X	X	X
2. The company’s executive remuneration scheme incorporates climate change performance elements.												
A. The company’s CEO and/or at least one other senior executive’s remuneration arrangements specifically incorporate climate change performance as a Key Performance Indicator determining performance-linked compensation.												
	O	X	X	O	O	X	X	O	X	X	X	X
B. The company’s CEO and/or at least one other senior executive’s remuneration arrangements incorporate progress towards achieving the company’s GHG reduction targets as a Key Performance Indicator determining performance-linked compensation.												
	X	X	X	X	X	X	X	X	X	X	X	X
3. The Board has sufficient capabilities/competencies to assess and manage climate-related risks and opportunities.												
A. The company has assessed its Board’s competencies with respect to managing climate risks and opportunities and disclosed the results of this assessment.												
	O	O	O	X	X	O	X	X	X	X	X	X
B. The company provides details on the criteria it uses to assess the Board’s competencies with respect to managing climate risks and opportunities, and the measures it is taking to enhance these competencies.												
	O	X	X	X	X	X	X	X	X	X	X	X

Source: Climate Action 100+

2) Misalignment of Carbon Neutrality Targets Within the Group and Supply Chain Risks

Steel remains a critical material in the automotive sector, typically accounting for approximately 60% of a vehicle's total weight (WorldAutoSteel, n.d.), or roughly 900kg per vehicle (Hascall Steel Company, 2024). Even as the industry transitions toward electrification, steel remains an important material for building structural components. Hyundai Motor Company maintains a vertically integrated relationship with its affiliated steel supplier, Hyundai Steel, in which it holds an approximate 6.87% equity stake. Such reliance on a group-affiliated company as a primary steel supplier is uncommon in the global automotive industry. This structure reflects Hyundai Motor Company's strategic choice to ensure supply chain resilience and quality control. Highlighting this interdependence, Hyundai Steel management reported in 2023 that it supplies over 80% of its automotive steel output to Hyundai Motor and Kia, while approximately 17% is destined for overseas automakers (Solutions for Our Climate, 2025). These figures underscore the pivotal role of steel within the Group's broader production ecosystem.

According to Hyundai Motor Company's Sustainability Report, Scope 3 Category 1 emissions (supply chain, or purchased raw materials and parts) account for approximately 15% of the company's total emissions across Scopes 1, 2, and 3 (Table 4). Primary raw materials such as steel and aluminum sit within this category. The report also discloses details on steel usage (Table 5), further highlighting its significant role in the company's production activity and carbon footprint. Consequently, Hyundai Motor Company presents a steel-focused reduction roadmap, including expanding its use of low-carbon steel, procuring steel produced in electric arc furnaces (EAF)—such as Hyundai Steel's Louisiana EAF scheduled for 2029—and increasing the use of recycled materials. This underscores that steel is viewed not merely as a raw material, but as a strategic pillar of the Group's broader decarbonization strategy.

However, there is divergence in the Group's carbon-neutrality trajectories: Hyundai Motor Company targets 2045, while Hyundai Steel aims for 2050. Given steel's outsized role in the automaker's production and Scope 3 emissions, this timeline gap impacts the pace of supply chain transition, investment schedules, and broader cost structures. In the auto industry, aligning implementation roadmaps between the automaker and its material supplier is critical—particularly regarding transition investments, low-carbon material procurement, and adoption of carbon abatement technologies.

Hyundai Motor Company currently operates the 'Hyundai Motor Group Carbon Neutrality Committee,' a body composed of CEOs from key affiliates (Figure 3). This governance framework should enable effective coordination of transition strategies and monitoring of implementation progress across the Group. Given this framework, aligning the carbon neutrality targets and

reduction pathways between the automaker and its steel affiliate is a feasible objective that can be addressed at the Group level. Furthermore, the Board and the Sustainability Management Committee must oversee to ensure the company's mid- to long-term strategies and investment decisions remain consistent with its key affiliated suppliers' reduction pathways. Ultimately, this alignment serves as a key indicator for determining whether the company's supply chain-driven transition strategy is feasible and coherent.

[Table 4] Hyundai Motor Company GHG Emissions

(Unit: tCO ₂ -eq)	2022	2023	2024
Scope 1	719,949	696,590	679,822
Scope 2 (Market-based)	1,684,120	1,579,161	1,417,987
Scope 3	137,935,453	148,126,153	147,253,154
<i>Category 1</i>	<i>19,852,763</i>	<i>23,518,427</i>	<i>22,971,847</i>
	<i>14.1%</i>	<i>15.6%</i>	<i>15.4%</i>

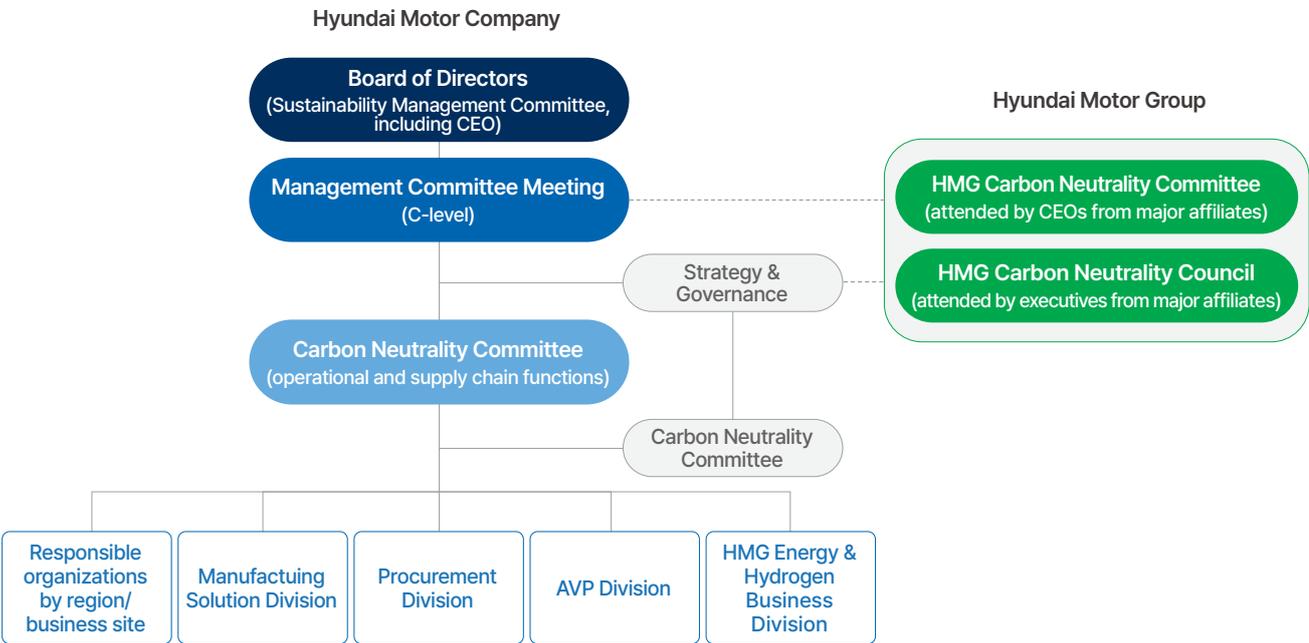
Source: Hyundai Motor Company Sustainability Report (2025)

[Table 5] Hyundai Motor Company's Use of Critical Raw Materials

(Unit: Tons)	2022	2023	2024
Steel use	1,151,012	1,230,799	1,238,092
Steel scrap	388,900	410,665	407,423
Aluminum use	146,270	156,930	138,184
Aluminum scrap	41,773	39,116	40,963

Source: Hyundai Motor Company Sustainability Report (2025)

[Figure 3] Hyundai Motor Company's Climate Change Governance



Source: Hyundai Motor Company Sustainability Report (2025)

3) Export and Supply Chain Exposure to Expanding Carbon Border Mechanisms (CBAM)

In December 2025, the European Commission proposed new measures to strengthen the Carbon Border Adjustment Mechanism (CBAM). Central to this proposal is the progressive extension of its scope. The existing CBAM covered only basic materials such as steel, aluminum, fertilizers, and electricity. However, the new proposal extends this coverage to downstream products incorporating these materials starting in 2028. Following its transitional period, CBAM entered its definitive phase on January 1, 2026. Moving forward, the CBAM will gradually increase its scope through policy refinements.

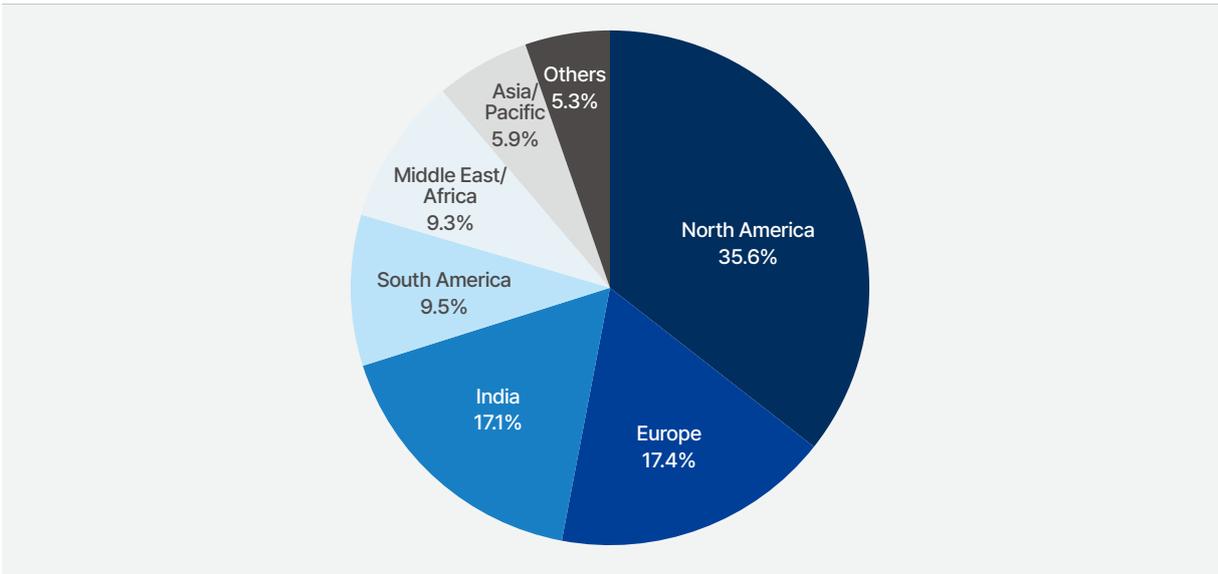
CBAM tracks not only direct emissions of reporting entities but also those generated across the supply chain. As the scope expands to downstream products, automakers will face increased financial burdens tied to emissions generated from the production of raw materials they use. Given the significant volumes of steel and aluminum used in automotive manufacturing, the carbon footprint of these inputs will dictate automakers' procurement strategies and capital-allocation decisions.

Hyundai Motor Company implements a vertical integration strategy, sourcing key materials from within the Group. While this approach offers better control over costs and quality, it also creates a strategic interdependence in which the company's internal strategies are inseparable from carbon management and regulatory risks emerging at the material production level. Consequently, CBAM's expansion may force the company to reassess its supply chain management strategies and overall cost structures.

Europe remains a critical export market for Hyundai Motor Company. In 2025, wholesale in the region reached 601,000 units (representing 17% of its global exports), positioning Europe as its second-largest export market behind the United States (Hyundai Motor, 2026, [Figure 4]). Furthermore, the company's management identified intense competition in the European market as its key challenge (Financial Times, 2026). Consequently, CBAM's scope extension must be recognized as more than a mere compliance burden. It represents a mid- to long-term business risk that threatens price competitiveness and profitability in this pivotal market.

With CBAM's extended phase scheduled to take effect after 2028, this shift demands strategic preparedness rather than a reactive, short-term response. Regulatory risks embedded within the supply chain are strategic issues that must be systematically evaluated by the Board and the Sustainability Management Committee.

[Figure 4] Hyundai Motor Company 2025 Sales Breakdown by Key Markets (Wholesale)



Source: Hyundai Motor Company

III. Conclusion and Recommendations

Under the revised Commercial Act passed in July 2025, South Korean listed companies must now ensure that independent directors make up at least one-third of the Board, up from the previous one-fourth mandate. Hyundai Motor Company's Board is comprised of five inside and seven independent directors, maintaining an independent director ratio of approximately 58%. While the company already satisfies the new requirement and is not technically affected by the change, this legislative shift underscores that a board's independent oversight function is increasingly recognized as a key element of good corporate governance.

In the introduction, the report raised concerns regarding oversight of climate issues provided by the Board and the Sustainability Management Committee. In the analysis, through targeted case studies and benchmarking, we identified climate-related areas where Board-level engagement is essential. A comprehensive evaluation of the Committee's current framework—including its composition, expertise, decision-making structure, and agenda items—indicates a need to assess whether climate-related matters are sufficiently and explicitly addressed by the Board. Furthermore, benchmarking against international standards like CA100+, the misalignment of carbon neutrality targets within the Group, and supply chain risks such as the CBAM's scope expansion all demonstrate that climate change has evolved beyond environmental agendas into core business, financial, and strategic risks.

Strengthening climate governance is a key business imperative that will affect the company's mid- to long-term strategy and competitiveness. As climate transition planning intersects with diverse business areas such as capital allocation, supply chain management, and regulatory risk management, it is vital to establish a governance structure that facilitates effective execution of the Board's oversight function.

To enhance the Board's climate oversight within the current governance framework, we propose the following recommendations:

- **Appoint independent directors with climate-related expertise to enhance the Board's competence**

Currently, the Committee has no independent directors with climate-related expertise. Given that transition strategies and regulatory risk management intersect with business decisions, appointing independent directors with relevant experience can enhance the Board's strategic decision-making.

- **Conduct regular reviews and enhance advisory function at the Board level regarding climate-related policies and transition strategies**

Climate change has evolved into a strategic imperative that requires mid- to long-term planning integrated with capital investment, supply chain management, and regulatory compliance. It is therefore essential that the Board regularly reviews climate-related policies and transition strategies as key agendas, and that it strengthens its advisory function to provide guidance on these matters.

- **Provide a more frequent and in-depth training for independent directors on climate-related topics**

While the company currently offers some training on climate-related topics, it lacks a robust framework for managing climate risk as a sustained, independent business agenda. We therefore recommend that the company provide climate training on a regular basis and with greater depth.

- **Provide more detailed disclosures on the Sustainability Management Committee's activities and outcomes to increase transparency**

To facilitate an informed evaluation of the Board's effectiveness in providing oversight, the company should provide more detailed disclosures on the Sustainability Management Committee's specific deliberations and decision-making process.

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Solutions for Our Climate (SFOC) is an independent nonprofit organization that works to accelerate global greenhouse gas emissions reduction and energy transition. SFOC leverages research, litigation, community organizing, and strategic communications to deliver practical climate solutions and build movements for change.