

Responses to Queries from Shareholders posted on a dedicated website
in advance of the 118th Ordinary General Shareholders' Meeting

We would like to respond to queries which are of great interest to shareholders among queries from shareholders posted on a dedicated website in advance of the 118th Ordinary General Shareholders' Meeting.

Q1. The shortage of semiconductors is causing delays in automobile production and extending the time required for car deliveries. What are your future countermeasures?

A.

We sincerely apologize for any inconvenience caused to our shareholders, customers who are waiting for car deliveries, dealers and suppliers who are flexibly responding to production fluctuations.

Under the current situation where the supply and demand of semiconductors are tight, it is very difficult to produce cars in a timely manner. We sense the supply situation is gradually improving, compared with last year, as semiconductor manufacturers boost their production capacities. However, supply is still unable to keep up with demand.

For the future, we will build up inventory in collaboration with suppliers to prevent impacts on car production. We will also establish strong relationships with semiconductor manufacturers and parts manufacturers, and communicate clearly our manufacturing plans and orders for electrified cars and the cars with advanced safety technologies to ensure a stable supply of semiconductors for the medium- to long-term. We will also communicate with other automakers and the government to develop the measures for improving the overall semiconductor supply.

Q2. Is it not necessary for Toyota to review its business model in each region as geopolitical risks are increasing?

A.

Our businesses are driven by the desire to deliver happiness to people in all countries and regions through improving mobility.

We believe that the first step in producing happiness for all is to deliver quality

cars that fulfill the needs of our customers in a timely manner at an affordable price.

To this end, it is important for us to examine supply chains from various perspectives to ensure robustness for smooth production.

At the same time, the environment surrounding our day-to-day businesses is changing more rapidly than anticipated. In response, we are working closely with regional CEOs to enable us to react more swiftly to the change.

Regarding our approach to our businesses in each region, we will monitor the situation to determine the best course of action, without wavering from our focus on earning the understanding and support of our customers and other stakeholders worldwide.

Q3. What is Toyota's strategy to achieve carbon neutrality?

(We also answered the following questions from overseas investors)

- Are Toyota's public statements and public relations activities aligned with the goals of the Paris Agreement*?

*The international framework for climate change countermeasures

- Will Toyota's management be taking effective steps before the next year's ordinary general shareholders' meeting to reduce the reputational risks related with the company's public statements and public relations activities?

- Would it be possible for Toyota's management to commit to refraining from conducting its public statements and political lobbying that undermine the transition towards the full electrification of transport?

A.

Carbon neutrality, as used in the automotive industry means eliminating carbon emissions in all processes of the life cycle of cars such as "manufacturing," "transportation," "driving," "charging / refueling," and "disposal / recycling." We are pursuing various green technologies to achieve this goal, but such technologies become green only through widespread use. How does a technology become widely used? Our products must be selected by customers. To meet the different needs and usage environments, we believe that we should not limit our options at this point.

Our products are currently used by many customers globally, and Toyota is

developing a full lineup of vehicles to try to meet various customer needs around the world.

Europe, for example, has relatively abundant renewable energy. In such area, battery EVs and similar options appear likely to spread relatively quickly.

Meanwhile, in Brazil, biofuels made from sugarcane are already widespread and can be purchased, 30% cheaper than gasoline. As a result, it has become easier for our customers to choose a car that uses bioethanol as its fuel in such area.

We need to ensure that our products fit these different regional conditions and customers' preferences.

From a policy of public relations activities, the key question is: "How do we increase uptake?" To this end, we need to continue public relations activities with regional governments and policymakers to expand carbon-neutral options, including the infrastructure development for BEVs and hydrogen-powered cars to be conducted in parallel with such expansion.

Q4. Toyota has a policy of maintaining and improving a dividend payout ratio of 30% or more, but Toyota did not achieve it in FY2022. Is it possible for Toyota to maintain a dividend payout ratio of 30% or more?

A.

We would like to reward our shareholders who support us in a long term perspective while investing in growth and improving our corporate culture in order to transition to a mobility company.

Our dividend policy is to strive for the stable and continuous payment of dividends, seeking to maintain and improve upon the consolidated payout ratio over the medium- to long-term.

Although the dividend payout ratio in FY 2022 was 25.3%, which was lower than 30% due to good business results in FY2022, we will continue to strive to execute our dividend policy of stable and continuous payment even under an economic slow-down rather than significantly improving the dividend payout when business results are strong.

We will continue to improve our corporate value and to enhance competitiveness and grow with all stakeholders while rewarding our shareholders in a stable and continuous manner so that shareholders can hold our shares over the medium- to long-term with confidence.

Q5. Some of the Toyota dealers conducted improper vehicle inspections. What are the causes and countermeasures?

A.

In the period between last year and this year's ordinary general shareholders' meeting, we uncovered improper vehicle inspections affecting about 7,000 vehicles at 39 dealers nationwide. These are illegal violations that must not be allowed to occur.

To identify the causes, we are visiting service facilities and dealers to listen to how workers feel and listen to their troubles and concerns. These efforts are still ongoing.

One of the causes was the "quick inspection", a service in which a car is inspected and returned to the customer within an hour. A one-hour turnaround time was regarded as a required target.

Continual improvement of standard operations through TPS was not adequately followed, even though it was necessary due to changes in cars and mechanics' experiences. We found a lack of continuous improvement and personnel development.

We also learned that this situation could have been prevented through closer coordination between the sales staff who make inspection appointments and the mechanics who service cars.

Our dealers are part of Toyota. We will continue to work with our dealers to create better outlets that will help bring smiles to our customers.

Q6. Since luxury cars are frequently stolen, what are your views on the causes and the countermeasures?

A.

We take it seriously that our customers' cars have been stolen and that customers feel uneasy about such thefts, and we are considering appropriate countermeasures as an automaker.

As new methods of theft have been generated one after another while various undesirable researches have been carried out like in cyber-attacks against companies, we are continuously developing new technologies to improve anti-theft performance.

While the methods of theft become more complicated and sophisticated, new methods of theft are emerging suddenly. We will broaden the

information concerning new methods of theft more than ever in cooperation with related organizations such as dealers and insurance companies and will proceed with technological development to improve the effectiveness of theft prevention.

Q7. Is there not a lack of diversity in the appointment of directors and executive officers?

A.

We have been considering the appointments of our officers based on a wide range of factors, such as their past achievements and experiences, regardless of their genders or nationalities, etc. In addition, we are considering how to place the right person in the right position on a comprehensive basis. In the future, this policy will not be changed, and we will actively promote our human resources in consideration of not just diversity, but also suitable roles and experiences.

Q8. How much of an impact do the large-scale leaks at Meiji Yosui, or Meiji irrigation canal have on production?

A.

Toyota's first priority when responding to an emergency is humanitarian aid, followed by regional recovery, and finally production restoration and we also do our utmost to assist with recovery.

The current situation at Meiji Yosui, or Meiji irrigation canal's leaks have led to the suspension of operations at two production lines: the parts-producing Honsha Plant and the Toyota Industries Nagakusa Plant. Approximately 600 vehicles were affected in terms of production.

We resumed plant operations alongside company-wide efforts to conserve water, such as the encouragement of remote work, closing of cafeterias, and usage of well water as an emergency measure during unavoidable water shortages.

To date, we have also worked to conserve water by eliminating water use in production and making continuous improvements, including the implementation of water reuse in manufacturing. Our paint shops draw water only to wash cars as they come onto the line. These improvements have enabled us to halve our industrial water intake compared to about 20 years ago.

The prospects for full recovery remain highly uncertain. Given that the agricultural

water supply has stopped entirely, we would like to make a decision to continue operation while we will closely monitor the impact on the local community.

Q9. Why does Toyota not introduce a “Virtual Shareholders’ Meeting” that shareholders can remotely attend?

A.

We recognize the Ordinary General Shareholders’ Meeting as a valuable opportunity to enable us to check a “life-sized Toyota” through face-to-face communications with shareholders.

In addition, we are utilizing the ordinary general shareholders’ meeting as an opportunity to observe shareholders’ facial expressions, the general atmosphere, and enthusiasm levels, especially since these can only be grasped through face-to-face communication with our management, in the process of checking whether our company’s direction is correct.

For the 118th Ordinary General Shareholders’ Meeting, we apologized for causing our shareholders’ inconvenience, because we requested them to monitor their health conditions and check the infection status before confirming their attendance from the perspective of preventing the spread of COVID-19. We appreciate for shareholders’ understanding.

As a countermeasure to enhance dialogue with shareholders during the COVID-19 crisis, we accepted pre-meeting questions on a dedicated website and asked shareholders to vote by clicking on the "Like" button for pre-meeting questions that concerned them, and this helped us to grasp matters which were of great interest to shareholders.

We responded to such pre-meeting questions at the Ordinary General Shareholders’ meeting and posted the Q&A on our corporate website the following day.

In addition to the above, shareholders are now able to check the main dialogues and corporate messages on Toyota Times, which is our own media site.

We will continuously consider the future implementation of virtual shareholders’ meetings while listening to the requests of shareholders.

-Toyota Times "General Shareholders' Meeting"

<https://toyotatimes.jp/en/search.html?limit=9&search=&tagKeyword=General%20Shareholders%E2%80%99%20Meeting>

Q10. As a mobility company, what kind of company will Toyota be in 5 or 10 years?

A.

The mobility needs of the world are changing rapidly. We are expected to have 10 billion people on earth by 2050.

Experts predict that by 2030, there may be a 60% increase in the distance traveled by vehicles even if the personal ownership of vehicles goes down.

That is why new, safe, and sustainable mobility technology and mobility services are needed in all parts of the world.

Toyota and Woven Planet are developing a new software platform called Arene, which we hope to put to practical use by 2025.

Arene will provide a strong foundation for delivering new mobility services and value to customers who expect to receive digital experiences.

Toyota is also building Woven City, a test track for accelerating mobility product development.

Specifically, Woven City will first test new technologies in automated driving, advanced safety, sustainable energy, and smart logistics, together in a real-world living laboratory.

Ultimately, Woven City aims to support the well-being of people and the planet by expanding mobility to support the future fabric of life.

We are really excited about how new technologies such as the automated driving and new mobility services will enhance the lives of so many future customers worldwide.

We have many challenges ahead, but we believe that together, we will be able to transform Toyota into the world's leading trusted mobility company.