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Tokyo, Japan

About the Beauty Research & Innovation Center at Kao's Odawara Complex

Background Information on the Establishment of the Beauty Research & Innovation Center

The environment surrounding cosmetics has been changing significantly in recent years. In Japan, consumers are becoming more health conscious and the number of active senior citizens is increasing. Globally, the expansion of the middle class in emerging economies has seen more consumers becoming interested in beauty. With the goal of providing women of the world with beauty that is a step above in terms of quality, value and safety, the Kao Group is focusing on integrating the research and development and production divisions for its Kanebo and Sofina brands and making maximum use of the Group's assets in order to strengthen its beauty business.

On the production side, in July 2014 the Kao Group established a new manufacturing company, Kao Cosmetic Products Odawara Co., Ltd. As a key production site for Kao Group cosmetics, this site manufactures all our beauty products. In July 2015, the group increased production capacity by constructing an additional factory building. The Kao Group is accelerating efforts to strengthen production not only to serve the Japanese market but also overseas, such as in response to fast-growing markets in Asia.

On the research side, since August 2013 the Kao Group has gradually been integrating its beauty research operations. The newly established Beauty Research & Innovation Center at the Odawara Complex will concentrate the Kao Group's cosmetics research functions in one location and enable it to conduct innovative research aimed at creating value in the realm of beauty that combines its strengths in science and sensory and emotional insight. Reflecting the consumer-driven philosophy that has always guided product development at the Kao Group, equipment has been installed at the center to gather direct feedback from customers and to objectively assess how customers use cosmetics at home as well as their post-application effects and appearance.



Overview of the Beauty Research & Innovation Center

- Location: 5-3-28 Kotobuki-cho, Odawara City, Kanagawa Prefecture
Located inside Kao Corporation's Odawara Complex
- Structure and Size: A four-story steel-frame building
- Total floor area: 16,594.3m²

Unique Features of the Beauty Research & Innovation Center

1) A Space Designed to Facilitate Cross-Departmental Communication



At the Beauty Research & Innovation Center, researchers will work in large un-partitioned workspaces on each floor with open internal staircases connecting all floors. This layout will enable researchers to actively exchange information and communicate freely with each other. This will strengthen the Kao Group's research and development abilities by accelerating the sharing of Group research assets and will help it further develop each brand's unique identity by deepening cross-departmental understanding.

2) The first R&D facility at a Japanese company to use functional Magnetic Resonance Imaging (fMRI) technology



The Beauty Research & Innovation Center is the first research site belonging to a Japanese company to introduce functional Magnetic Resonance Imaging (fMRI), a non-invasive technology that can analyze with a high level of precision neural processes such as emotions, affect and decision-making. The Kao Group will use fMRI and other leading-edge measurement instruments to conduct fundamental research on brain functions, and will use the results to identify the *kansei* value in cosmetics and incorporate them into its product development.

3) COCOLAB, an interactive laboratory where people can see and experience phenomena from the world of the senses



COCOLAB is a laboratory space for fundamental research of the *kansei* science that relates to cosmetics, where people can feel the spirit of beauty and expand the possibilities of new beauty. COCOLAB is not only a place to conduct research on *kansei* science, but also a space for beauty researchers themselves to find inspiration and hone their own sensitivities, which will further strengthen the Kao Group's R&D capabilities as the group aims to reinforce its leadership in the application of emotional and sensory research.

The interactive stations at COCOLAB will reveal aesthetic and sensory aspects of cosmetics and their application which are difficult to express in language such as the beauty glimpsed in the graceful, meticulous motions of applying cosmetics, contained in the colors and textures of nature,

and inherent in each individual and given greater depth by fragrances. Visitors to COCOLAB can experience the profundity offered by cosmetics and their application, and appreciate the potential of the beauty unique to all of us. Kao Group researchers, product development teams and beauty advisors will apply the insights they gain at COCOLAB to explore new aesthetic expression and provide products and services which reflect a rich and creative outlook on the world.

*The origin of the name COCOLAB: The name reflects COCOLAB's role as a laboratory where people can feel the spirit (*Cocoro*) of beauty and expand the new possibilities of beauty