

## **Q&A from 10.19.11 “All about IRIS” PRI Makers Webinar**

**Q:** Could you speak a bit about PULSE and its capabilities?

**A:** PULSE is a portfolio management tool for collecting and managing social and environmental performance data. PULSE is built on the Salesforce.com platform and is available for free for organizations using Salesforce. PULSE comes pre-configured with the IRIS performance indicators, and data entered into PULSE can be easily and anonymously exported and shared with the IRIS initiative for aggregation and analysis to advance impact investing market intelligence.

**Q:** Can IRIS be used to report on the impact of grants?

**A:** IRIS was developed to help impact investors track the social and environmental performance of their portfolio companies, but IRIS can also be used by grant makers. The IRIS library of performance indicators includes metrics in a range of sectors (e.g. financial services, agriculture, and energy) that adopting organizations can select based on applicability to their impact objectives. Because organizations receiving grant funding share a similar range of possible impact objectives with organizations receiving impact investment capital, the IRIS library is likely to contain some performance indicators that are pertinent to grant-funded organizations. It is worth noting, however, that IRIS indicators are designed to measure the performance of an organization, and are not intended to assess the impact of a particular funding stream on the organization's performance.

**Q:** What is the technology platform for IRIS?

**A:** The IRIS performance indicators are freely available on the IRIS website ([iris.thegiin.org](http://iris.thegiin.org)) and can be used within any performance tracking program.

Additionally, the IRIS initiative maintains a data hub to store performance data that has been contributed by partners. This technology platform supports the receipt, management, and analysis of IRIS-compatible data. Built in collaboration with Hitachi, the platform stores all data in a secure database (a Microsoft SQL Server Database) in a format called XBRL, which is the data modeling language used by the US Generally Accepted Accounting Principles (GAAP) and the International Financial Reporting Standards (IFRS). Although all data is stored in XBRL, the system can receive data in multiple different formats, including via an export from the PULSE system or via an excel template.

**Q:** What is the "output" of the IRIS system? I am trying to understand what the Apple to Apple comparison that the foundations would use is. Is it to compare the social performance among the same type of investment (such as land conservation or MFI project)? Can you also compare the different types of projects? What if a project has multiple social benefits?

**A:** A core benefit of widespread use of a standard set of performance indicators is the resulting ability to compare social performance among investments or groups of investments. These comparisons may be made within or across sectors, as well as within or across impact objectives. For example, within an impact objective such as employment generation, it might be useful to compare jobs created across sectors. However, evaluating the number of loans made to women is likely most pertinent to the microfinance sector. The types of comparisons that are most relevant for a particular investor or investment will depend on the investors' impact objectives and the type(s) of social benefit created by the organization.

At a higher level, the IRIS initiative is also aggregating data contributed by a variety of investors. This aggregated data can be used to understand the scope and scale of mission-driven organizations within different sectors and geographies. Furthermore, the existence of a common language enables the creation of additional products such as social ratings, which facilitate comparisons across organizations, even those with different impact objectives. One such rating is the Global Impact Investing Rating System (GIIRS), which leverages IRIS to create impact ratings for companies and funds.

**Q:** Does IRIS draw upon any existing taxonomy to create its standard definitions?

**A:** Yes; where established and widely-adopted standards already exist, IRIS incorporates these indicators and remains synchronized with them as they evolve. In sectors with less cohesion around performance reporting best practices, IRIS incorporates indicators suggested by professionals with expertise in these sectors. Some of the existing taxonomies leveraged by IRIS include those developed by: Global Reporting Initiative (GRI), Social Performance Task Force (SPTF), and the ILO (International Labor Organization).

**Q:** We are interested in searchable databases; are these IRIS outcomes of grants and PRIs, etc. available to the greater community, not simply the individual foundation?

**A:** The IRIS initiative maintains a secure database of IRIS-compatible data that organizations have contributed to the initiative on a voluntary basis and with the knowledge that their data will be used only to produce anonymous aggregate reports. As such, the database is not searchable by individual organizations. However, the greater community can benefit from the published performance analyses of these data contributions. The [first IRIS data report](#) was released earlier this fall, and is available as a public good on the GIIN and IRIS websites. The IRIS initiative intends to release additional reports that share aggregated analyses of contributed IRIS-aligned performance data.

**Q:** Is IRIS the gold standard or is there another approach developed by anyone else?

**A:** There are many voluntary standards systems that are intended to improve the reporting of social and environmental performance. However, most are focused on a specific sector or performance area. IRIS is unique because it provides a universal framework (i.e. one that can be applied across sectors and geographies) and because it has been designed for the impact investing community. Currently, there is no other effort to provide a common reporting language for the broad impact investing industry. Furthermore, it would not serve the interests of the industry to have multiple competing definitions of basic social and environmental indicators. As such, IRIS has been designed as a free, non-proprietary public good that leverages existing best practices.

**Q:** Does IRIS methodology help take into account the investment that could be made and wasn't? For example, an impact investor in Solyndra may have been able to quantify jobs created, reduction in emissions, etc. I guess I'm getting at the idea that there are opportunity costs with any investment, and how can investors who want to do more impact investing take this into account when they look beyond risk-adjusted, financial return?

**A:** IRIS includes a comprehensive set of indicators that an investor might select to evaluate the benefits of an intervention, regardless of whether or not an investment is made. However, IRIS is a language, not a methodology. In order to evaluate opportunity cost, a methodology is required. (As an example, Acumen Fund's "BACO" – or Best Alternative to Charitable Option – is a methodology that weighs whether the impact of an investment exceeds the impact that could be generated through a purely philanthropic approach.) Such a methodology could leverage IRIS indicators, and indeed the availability of a common language greatly enhances the ability to perform such analysis.

**Q:** How much of a reporting burden does using IRIS place on the investee organizations?

**A:** It is a core intention of IRIS to streamline impact reporting and reduce the burden on investee organizations. First, IRIS indicators are aligned with existing best practices and, as such, should be consistent with many performance indicators already used by organizations tracking data, imposing minimal switching costs. Second and more importantly, by creating a common, third-party set of indicators, IRIS enables organizations to report consistent information to multiple investors who previously may have requested different data based on proprietary systems. However, as with any performance reporting, the burden placed on the investee organization ultimately depends on the number and complexity of indicators being tracked. Depending on the type of indicators used and scope of the impact measurement framework, impact tracking will be more or less costly.