

Michael Denenga
Partner



WEBBER WENTZEL

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Area of speciality

I am an investment funds and finance specialist, working in the financial services sector and specifically in the fund formation team. Most of my work is in establishing private equity fund vehicles.

Experience in ESG (focus

being within SA
and especially in
the deal making /
financial market
space)

ESG has become top of mind for our clients. I advise them on their ESG policies, reporting requirements and compliance frameworks. This also involves having to negotiate ESG policies with investors. There may be numerous investors in a fund, each with their own reporting timelines and requirements. It is important to try to streamline these requirements, to make sure clients do not face onerous obligations on ESG reporting. We are currently compiling a checklist of compliance requirements and reporting formats to help clients to comply.

Thoughts on ESG as a whole in the context of SA

I believe SA is reasonably advanced in ESG adoption. Fund managers realise it is not “a nice to have”, it is a competitive issue. Clients are taking it seriously at both fund level and portfolio company level and South Africa has incorporated the governance aspect into the King IV on Corporate Governance. The “G” in ESG has been fuelled by South Africa’s adoption of various transformation agendas designed to advance inclusivity across all sectors including employment

equity, black economic empowerment and historically disadvantaged groups. Investors are allocating more funding to managers that are female-owned or that invest in portfolio companies that are female owned. There is still a lot that we need to do but I think most people realise by now that an investment that is impactful does not have to be unprofitable.

Hurdles | challenges within this sector

ESG regulations are still evolving and many different reporting standards are applied by different regulators. Although there are initiatives under way to standardise them, at the moment, clients have to consider various different requirements and thresholds. Some of the ESG metrics are not easily measurable, making it very challenging, especially at portfolio company level, to comply.

Some personal information, eg how did you get into this speciality

As a fund formation specialist, I am regularly called upon to advise clients on ESG. I have seen ESG gathering momentum and realised that as lawyers we must understand ESG better to help our clients to navigate through it. I am improving my skills mostly through one-day workshops, run by some of our investors and general partners. The

South African Venture Capital Association has also been quite active in promoting classes on ESG.

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Interesting fact(s) about yourself / your achievements

In my previous life I was a professional soccer player, and part of me feels I should have pursued that career. Perhaps I would have had a more glamorous life. ●

