

MERGER DECISION NO 15: 2026

Notice in Terms of Section 53(4) (a)(ii) of the Competition Act 2018

DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION BY DEBSWANA PENSION FUND OF 50% OF THE BUSINESS OF BONA LIFE INSURANCE (PTY) LTD FOR THE PURPOSE OF CONTINUING THE BUSINESS OF THE TARGET ENTERPRISE IN AN ORDINARY COURSE (THE “PROPOSED TRANSACTION”)

Introduction of the Merging Parties

Pursuant to section 53(4)(a)(ii) of the Competition Act, 2018 (“the Act”), notice is hereby given on the decision made by the Competition and Consumer Authority (“the Authority”) in relation to the proposed acquisition by Debswana Pension Fund (“DPF” or “Acquiring Enterprise”) of 50% of the business of Bona Life Insurance (Pty) Ltd (“Bona Life” or “Target Enterprise”) from Foudello (Pty) Ltd (“Foudello” or “Seller”) (the “Proposed Transaction”). The purpose of the Proposed Transaction is for continuing the business of the Target Enterprise in an ordinary course and the merger is pursuant to the Share Purchase Agreement between the Merging Parties.

Merging Parties

The Acquiring Enterprise, DPF, is a registered pension fund registered in accordance with the Laws of Botswana. It is not controlled by any company or business except that it is under the control of its Board of Trustees, appointed pursuant to the Retirement Funds Act. The primary purpose of DPF is among others, to meet future benefit obligations to members as defined by the rules of the Fund. DPF controls Mmila Fund Administrators (Pty) Ltd.

The Target Enterprise, Bona Life, is an insurance company registered in accordance with the Laws of Botswana and provides long term insurance services in Botswana. Bona Life is wholly owned by Foudello. Foudello is owned by Botswana Opportunities Partnership (“BOP”) [99.72%] and Botswana Public Officers Pension Fund (“BPOPF”) [0.28%] with BPOPF as its beneficial owner. In addition, Bona Life controls Wood World (Pty) Ltd and

Mr. Car Wash (Pty) Ltd, both of which are registered in accordance with the Laws of Botswana.

Relevant Markets

The Acquiring Enterprise provides retirement and related benefits to members through the investment and management of pension contributions via its appointed administrator Mmila Fund Administrators. On the other hand, the Target Enterprise operates in a market of long- term insurance. In addition, as the ultimate beneficial owner of Bona Life, BPOPF is also a registered pension/retirement fund for public service employees and it provides its mandate through its controlled entity, NMG Administrators Botswana (Pty) Ltd.

Based on the description of the activities of the Parties to the transaction, it can be deduced that there is a complementarity established in the Merging Parties' business activities in that the Acquiring Enterprise, DPF is operating in a sector where participants procure products and services from long term insurance services providers, a market within which the Target Enterprise, Bona Life is active. In addition, the proposed merger gives effects of horizontal overlaps as the ultimate Selling Enterprise, BPOPF and the Acquiring Enterprise are active in the same market which constitute market concentration. By virtue of the duo having a joint control in Bona Life, this would mean that they are vertically integrated into a common entity hence they will be active in all three (3) levels of the supply value chain being the upper level as Pension Funds; the intermediary level, each through its relative Pension Administrator (NMG Administrators and Mmila Administrators); and the lower level being long-term Insurance Providers through Bona Life.

In consideration of the Merging Parties' products, the relevant market is therefore narrowed down to the markets for registered contribution/ pension/ retirement funds and supply of long term insurance products in Botswana.

Competitive Analysis and Public Interest

Considering the products and services offered by the Parties involved in the merger, the Authority has established that the Merging Parties are engaged in business activities which are complimentary. Pension Funds entities procure long term insurance products and other related services from Insurance companies which classify the Acquiring Enterprise as a potential customer of the Target Enterprise. It is therefore concluded that both Merging Parties' product market can be narrowed down to the markets for registered contribution/ pension/ retirement funds and supply of long term insurance products in Botswana.

Based on the assessment findings, the Authority has noted that the implementation of the proposed merger will severely change the competition landscape in the relevant markets

in Botswana. The analysis of the facts of the merger have shown that the proposed merger will result in Substantial Lessening of Competition and lead to the establishment of dominance in the insurance market and reinforcement of existing concentration in the pension fund market given that:

- a. The Proposed Merger will give rise to common ownership by a dominant institutional player and the second largest player in a supplier operating in the relevant life insurance market. This ownership structure creates alignment of financial incentives between major sources of demand and the Target Enterprise at the disadvantage of its competitors;
- b. The merger poses risks of collusion/ concerted practices by creating an enabling environment for the two (2) major Pension Funds and their appointed Pension Administrators to share trade secrets at the detriment of fair competition in the relevant market, therefore the merger parties must continue to be independent;
- c. The proposed acquisition further introduces vertical integration between pension fund control, administration, and insurance/annuity provision, and create risks of distorting the competitive procurement processes in the relevant markets through preferential treatment across administration and insurance value chains leading to market foreclosure, and reduced contestability over time;
- d. The Proposed Merger will create ownership links between the Target Enterprise and the two largest Pension Funds who are the biggest institutional purchasers and have controlled Pension Administrators and this will undermine the viability of independent administrators operating within an already constrained market;
- e. The merger has the potential to create barriers to entry and expansion for independent SMMEs intending to partake in the supply value chain as Fund Administrators linked to large pension funds benefit from captive mandates, scale advantages, and financial backing; and
- f. The common ownership of a life insurer by a dominant pension fund and the second largest pension fund creates a structural conflict of interest between the obligation to achieve competitive procurement outcomes for members; and the incentive to enhance the profitability and market position of an affiliated insurer.

In terms of Public Interest Considerations, the findings of the assessment revealed that the proposed merger poses risks of vertical foreclosure and this will result in the following public interest concerns post-merger:

- a. The merger further poses risks of weakening the already limited competition, potentially leading to higher costs and reduced service innovation and this could

prejudice fund members through higher fees, reduced choice, and diminished service quality over time;

- b. The sharing of trade secrets by the two largest players in the market will not better the market for consumer choice and may lead to jobs losses as other players may exit the market;
- c. In addition, independent administrators may be squeezed out of the market, reducing diversity and resilience within the sector, and
- d. Increased concentration may also heighten the risk for fund members given that failure within a dominant entity could have widespread implications for retirement savings.

The Determination

Since the proposed transaction is likely to result in substantial lessening of competition, enhance dominance and raised public interest concerns, and based on the nature of the relationships between pension funds, administrators, and life insurers, remedies such as behavioural undertakings, non-discrimination commitments, or governance assurances, are insufficient to address the competition and public interest concerns identified. The Authority has therefore resolved to decline/ reject to approve the proposed merger pursuant to section 53 of the Act.

Dated at Gaborone on this 20th day of April 2026.

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