Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

MANILA ELECTRIC COMPANY,
Petitioner,

-versus-

APOLINAR A. ARGENTERA,
Respondent.

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APOLINAR A. ARGENTERA,
Petitioner,

-versus-

MANILA ELECTRIC COMPANY/MANNY V. PANGILINAN,
Respondents.

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G.R. No. 224729

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G.R. No. 225049

Present:

LEONEN, *J., Chairperson,*
HERNANDO,
INTING,
DELOS SANTOS, and
LOPEZ, J., *JJ.*

Promulgated:
February 8, 2021

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DECISION

LEONEN, *J.*:

Without an express provision on forfeiture of benefits in a company policy or contractual stipulation under an individual or collective contract, an employee's rights, benefits, and privileges are not automatically forfeited upon their dismissal.

This Court resolves the consolidated Petition for Review on Certiorari[1] filed by Manila Electric Company (Meralco) against Apolinar A. Argentera (Argentera), and Argentera's Petition for Review on Certiorari[2] that he filed against Meralco and its president, Manny V. Pangilinan (Pangilinan). They assail the Decision[3] and Resolution[4] of the Court of Appeals, which upheld the validity of Argentera's dismissal and awarded monetary benefits and bonuses as of the day he was terminated.

Argentera started working for Meralco on January 16, 1990. He was eventually promoted as an acting foreman in January 2012.[5]

Meralco is a public utility which distributes electric power to Metro Manila and different provinces.[6] It operates many substations, including the recently retired substation in Forbes Park. The Central Operation and Maintenance Substation Office—where Argentera worked under Crew T-2319—was in charge of maintaining the substation.[7]

On August 6, 2012, Crew T-2319 went to the Forbes Park substation. This included Argentera, Antonio C. Tizon (Tizon), and a reliever, Edward F. Garcia (Garcia). They informed the guard on duty, Gil M. Udag (Udag), that they would be inspecting the equipment within the substation. Since Argentera and Tizon were the crew members who would usually inspect the substations, Udag allowed them to go inside. He gave them a Substation Action Form to indicate the activities done in the premises and the items that would be removed.[8]

Argentera and Tizon did not allow Udag to go near what they were inspecting because it was allegedly dangerous. After the crew had left, Udag checked the area and found that three disconnect switch blades were missing, even if these were not in the Substation Action Form that Crew T-2319 filled out. Udag noted this incident in the security logbook.[9]

On August 22 and 23, 2012, Argentera and Tizon returned to the Forbes Park substation to continue their inspections.[10] The guard on duty, Roberto Mecina, Jr. (Mecina), allowed them to enter and gave them a

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1 *Rollo* (G.R. No. 224729), pp. 3–20.
2 *Rollo* (G.R. No. 225049), pp. 15–31.
3 Id. at 435–446. The November 27, 2015 Decision in CA-G.R. SP No. 140945 was penned by Associate Justice Franchito N. Diamante and concurred in by Associate Justices Japar B. Dimaampao and Carmelita Salandanan Manahan of the Eighth Division, Court of Appeals, Manila.
4 Id. at 453–456. The May 12, 2016 Resolution in CA-G.R. SP No. 140945 was penned by Associate Justice Franchito N. Diamante and concurred in by Associate Justices Japar B. Dimaampao and Carmelita Salandanan Manahan of the Eighth Division of the Court of Appeals, Manila.
5 Id. at 64.
6 Id. at 116.
7 Id. at 117.
8 Id. at 117–118.
9 Id. at 118. In the *rollos*, switch blades were at times written as one word.
10 Id. at 120.

Substation Action Form for each day.[11] Like Udag, Mecina was prevented from going near where Argentera and his crew were working.[12] For each day, after Argentera and his crew had left, Mecina noted in the security logbook that the following were missing: six disconnect switch blades on August 22 and another three on August 23. In both instances, the forms did not indicate that these were removed from the premises.[13]

In October 2012, Argentera's supervisors and team leader found out about the missing disconnect switch blades during their inventory inspection. Argentera's team leader, Enrique B. Santos (Santos), reported the missing items to Meralco's management on October 17, 2012.[14]

On November 29, 2012, Meralco issued a Notice of Investigation against the members of Crew T-2319: Argentera, Tizon, Christian Reformina (Reformina), and its former reliever, Garcia.[15] Hearings were conducted and statements submitted until January 29, 2014.[16]

Argentera alleged that on August 6, 2012, he received a text message from his supervisor, Jomar Eco (Eco), to pick up oil pump and hose at the Forbes Park substation.[17] He went to the substation with Tizon while Garcia remained in the truck.[18] Similarly, on August 22, 2012, he also went to the substation to bring SAF pads[19] as previously requested by a guard.[20] On August 23, 2012, his crew was checking the disconnect switch at the Malibay substation.[21] On all these dates, he alleged that they returned to base at around 4:00 p.m. However, when confronted about their return time to base beyond 4:00 p.m., Argentera said he could not remember.[22]

Tizon corroborated Argentera's account. He alleged that they did not bring tools, but simply loaded the oil pump on the truck and returned to their base before 4:00 p.m. on August 6, 2012. Similarly, on August 22, 2012, he said that they went to the Forbes Park substation to give SAF pads to the requesting guards, and that he only went inside to use the bathroom. Likewise, he claimed that he did not remember why they arrived beyond 4:00 p.m. on August 6 and 23, speculating that they must have been delayed due to the usual traffic jam.[23]

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11 Id. at 120–121.
12 Id. at 121.
13 Id.
14 Id. at 122.
15 Id. at 117 and 122.
16 Id. at 123.
17 Id. at 97.
18 Id. at 99.
19 Id. No description on what are "SAF pads" appears in the *rollo*.
20 Id.
21 Id.
22 Id. at 100.
23 Id. at 201–205.

Garcia executed two affidavits.[24] In his first affidavit, he alleged that he was assigned to Crew T-2319 on August 6, 2012 because of insufficient personnel.[25] He remained in the truck as Argentera and Tizon entered the Forbes Park substation with tools on hand. He said that he did not see what they were doing as he was inside the truck, and when they returned, he did not see them carry anything aside from the tools they brought.[26]

Garcia changed his account in his second affidavit. He claimed that from inside the truck, he saw Tizon on top of the disconnect switches removing the blade contact and, with Argentera, returning with the blades and excess bolts and nuts, which they stored at the back of the truck.[27]

Eco was the supervisor assigned to Argentera's crew. He said the crew was in charge of retiring the Forbes Park substation, in which the crew would dismantle parts that cannot be brought outside the substation.[28] He said he confronted Argentera and Tizon upon discovering that they had pulled out the missing blades, and that the two admitted to doing so. He also said Eco's superiors later went to the Forbes Park substation to confirm the missing disconnect switch blades.[29]

Enrique Santos (Santos) was the team leader of the Central Operation and Maintenance Office, in charge of giving crew assignments. He denied having instructed Argentera's crew to remove an oil pump from the substation on August 6, 2012. He likewise denied having instructed the crew to pull out the blades from the substation, asserting that Argentera and Tizon had admitted to removing them.[30]

On January 29, 2014, Meralco issued a Disciplinary Process Report[31] recommending that Argentera and Tizon be dismissed from employment. The case was also referred to Meralco's legal department for the possible filing of qualified theft charges against them. Garcia and Reformina were not held liable.[32]

On February 18, 2014, Meralco issued a Notice of Decision terminating Argentera and Tizon from employment for violating its Code on Right Employee Conduct/Code on Employee Discipline.[33] Argentera was notified of this decision on February 19, 2014.[34]

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24 Id. at 157.
25 Id. at 175.
26 Id. at 173.
27 Id. at 210.
28 Id. at 214.
29 Id. at 215.
30 Id. at 206 and 214.
31 Id. at 155–168.
32 Id. at 167.
33 Id. at 123.
34 Id. at 217–218.

Specifically, Argentera and Tizon were held to have committed the following: "[l]eaving work area, loafing, loitering, sleeping or performing personal matters while on duty"; "[t]heft of property belonging to another person committed during working time or on company premises, or of company property regardless of place or time"; "[w]illful disobedience by the employee of the lawful orders of his superior in connection with his work"; "[a]ny improper act, omission, conduct or behavior analogous to the provisions of this rule and prejudicial to the interest of the Company"; and "[u]nauthorized use, lending or improper care of Company property[.]"[35] It also indicated that Argentera was terminated from work based on Article 282 of the Labor Code, for serious misconduct or willful disobedience.[36]

On March 14, 2014, Argentera filed a Request for Assistance with the NCR-Arbitration Branch of the Department of Labor and Employment.[37]

On May 12, 2014, Meralco filed a Complaint-Affidavit for qualified theft against Argentera and Tizon.[38] Subsequently, Reformina executed an affidavit supporting the charge, where he stated that he and the rest of Crew T-2319 would go to the Forbes Park substation twice or thrice a week from January to August 2012. During these visits, he said Argentera and Tizon would illegally dismantle retirable materials to sell to junkshops.[39] Argentera would allegedly decide when to go to the substation and Tizon would select the junkshop. The two would evade the guards by placing retirable materials inside the toolbox on the truck and misdeclaring items in the Substation Action Form. Allegedly, the two would use the proceeds from the sale of these items to buy illegal drugs.[40]

After the mediation had failed, Argentera filed a Complaint for illegal dismissal against Meralco and its president, Pangilinan.[41]

In his Complaint, Argentera claimed that he was entitled to a lump sum of ₱70,000.00 under the Collective Bargaining Agreement. He also alleged that Meralco failed to pay him the ₱20,000.00 signing bonus, 2012 and 2013 Christmas bonuses, monetized sick and vacation leave benefits, 2012 anniversary bonus, 2012 and 2013 midyear bonuses, and performance incentive plan benefits.[42]

On November 3, 2014, the Labor Arbiter dismissed Argentera's

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35 *Rollo* (G.R. No. 224729), pp. 48–49.
36 *Rollo* (G.R. No. 225049), p. 124.
37 Id. at 125.
38 Id. at 125 and 233–242.
39 Id. at 298.
40 Id. at 299.
41 Id. at 375.
42 Id. at 379.

Complaint.[43] However, it ordered Meralco to pay him ₱70,000.00 based on the lump sum indicated in the Collective Bargaining Agreement:

> WHEREFORE, premises considered, the instant complaint for illegal dismissal as well as complainant's claims for backwages, moral, nominal and exemplary damages, attorney's fees, as well as his claims for signing bonus, Christmas bonus, cash conversion of Sick Leave and Vacation Leaves, Anniversary Bonus, Mid-Year Bonus and Incentive Plan Benefits, are all DISMISSED/DENIED for lack of merit.[44]

The Labor Arbiter held that Argentera was validly dismissed. Based on the testimonies of his co-workers and the security guards, the Labor Arbiter found sufficient evidence showing that Argentera and Tizon were responsible for the missing disconnect switch blades. It was also shown that Argentera and his crew were not authorized to go to Forbes Park substation on the dates the blades went missing. Aside from Argentera's denials, he was not able to "present any witness to support his innocence."[45]

As to his money claims, the Labor Arbiter held that no evidence was presented to support these except for the ₱70,000.00 lump sum stipulated in the Collective Bargaining Agreement. The Labor Arbiter found no showing that Meralco paid this benefit to Argentera.[46]

On appeal, the National Labor Relations Commission issued a March 9, 2015 Decision[47] affirming the Labor Arbiter's ruling.[48] It held that there was substantial evidence presented—including Reformina's statement of the modus operandi which Argentera and Tizon failed to rebut—that the two were illegally taking items from the Forbes Park substation and selling these to junk yards.[49] It also noted that the guards could not have possibly caught Argentera and Tizon in the act, precisely because they were prevented from going near the area where the two were allegedly inspecting.[50]

In an April 22, 2015 Resolution,[51] the National Labor Relations Commission denied Argentera's Motion for Reconsideration.

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43 Id. at 375–387. The Decision was penned by Labor Arbiter Quintin B. Cueto III of the National Labor Relations Commission, Quezon City.

44 Id. at 387.

45 Id. at 384.

46 Id. at 387.

47 Id. at 412–422. The Decision was penned by Commissioner Angel Ang Palaña, and concurred in by Presiding Commissioner Herminio V. Suelo and Commissioner Numeriano D. Villena of the Fourth Division, National Labor Relations Commission, Quezon City.

48 Id. at 421.

49 Id. at 419–420.

50 Id. at 418.

51 Id. at 432–433. The Resolution was penned by Commissioner Angel Ang Palaña, and concurred in by Commissioner Numeriano D. Villena of the Fourth Division of the National Labor Relations Commission, Quezon City.

Argentera filed a Petition for Certiorari,[52] which the Court of Appeals partially granted in a November 27, 2015 Decision.[53] While it affirmed that Argentera was validly dismissed for just cause, it awarded all the monetary benefits due to Argentera "under the law or the [Collective Bargaining Agreement] as of February 19, 2014[,]"[54] with legal interest:

> **WHEREFORE**, based on the foregoing, the petition is **PARTLY GRANTED**. The assailed Decision of the NLRC - 4th Division dated March 9, 2015 affirming the decision of the Labor Arbiter dated November 3, 2014 in NLRC NCR Case No. 05-05661-14, and the Resolution dated April 22, 2015 in NLRC LAC No. 12-003105-14/NLRC NCR Case No. 05-05661-14 denying herein petitioner's Motion for Reconsideration are **AFFIRMED WITH THE MODIFICATION** that private respondents are **DIRECTED** to release to petitioner Apolinar A. Argentera all the monetary benefits due him under the law or the CBA as of February 19, 2014.
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> An interest rate of six percent (6%) per annum shall be imposed on all monetary awards from date of finality of this Decision until full payment.
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> The Court hereby remands the case to the Arbitration Branch of origin for purposes of computation of petitioner's monetary benefits.
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> **SO ORDERED**.[55] (Emphasis in the original)

In so ruling, the Court of Appeals said that there was no showing that Argentera was preventively suspended during the investigation, or that the Collective Bargaining Agreement indicated reasons for forfeiting an employee's benefits. Meralco also failed to show that employees under investigation are not entitled to their bonuses and benefits. As such, the Court of Appeals held that Argentera was entitled to the ₱70,000.00 lump sum, "proportional existing economic and social benefits . . . , converted vacation and sick leave credits, and longevity pay" as indicated in the Collective Bargaining Agreement.[56]

Both parties filed Partial Motions for Reconsideration, but these were denied by the Court of Appeals in a May 12, 2016 Resolution.[57]

Hence, both parties filed their respective Petitions for Review on Certiorari before this Court. On June 13, 2016, Meralco filed its Petition for

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52 Id. at 37–59.

53 Id. at 435–446. The Decision was penned by Associate Justice Franchito N. Diamante and concurred in by Associate Justices Japar B. Dimaampao and Carmelita Salandanan Manahan of the Eighth Division, Court of Appeals, Manila.

54 Id. at 445.

55 Id.

56 Id.

57 Id. at 453–456. The Decision was penned by Associate Justice Franchito N. Diamante and concurred in by Associate Justices Japar B. Dimaampao and Carmelita Salandanan Manahan of the Eighth Division, Court of Appeals, Manila.

Review on Certiorari docketed as G.R. No. 224729.[58] Argentera filed his on August 1, 2016, docketed as G.R. No. 225049.[59]

On August 3, 2016, this Court required Argentera to file his comment in G.R. No. 224729 and for Meralco to fully comply with Rule 45 of the Rules of Court,[60] which Meralco did on September 20, 2016.[61]

Upon Argentera's motion,[62] this Court consolidated the cases on September 28, 2016.[63]

On October 12, 2016, Argentera filed his Comment in G.R. No. 224729.[64]

On January 23, 2017, this Court required Meralco and Pangilinan to file their comment in G.R. No. 225049. It also required Argentera to fully comply with the requirements of Rule 141, Section 19 of the Rules of Court in relation to his prayer to be declared as pauper litigant.[65]

On March 2, 2017, Meralco and Pangilinan moved for leave to admit[66] the attached Comment in G.R. No. 225049.[67]

On April 11, 2017, Argentera manifested that he was submitting a joint affidavit of disinterested persons and an affidavit of indigency.[68]

On July 24, 2017, this Court required Meralco to file a reply in G.R. No. 224729.[69]

On September 25, 2017, Meralco and Pangilinan manifested that they filed their Comment in G.R. No. 225049.[70]

Meanwhile, in G.R. No. 224729, this Court on September 17, 2018, required their counsels for Meralco to show cause why they should not be cited in contempt for failing to file a reply.[71]

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58 *Rollo* (G.R. No. 224729), pp. 3–20.
59 *Rollo* (G.R. No. 225049), pp. 15–30.
60 *Rollo* (G.R. No. 224729), pp. 57–58.
61 Id. at 59–62.
62 *Rollo* (G.R. No. 225049), pp. 459–462.
63 Id. at 457–458.
64 *Rollo* (G.R. No. 224729), pp. 74–80.
65 *Rollo* (G.R. No. 225049), pp. 463–464.
66 *Rollo* (G.R. No. 224729), pp. 85–88.
67 Id. at 89–103.
68 *Rollo* (G.R. No. 225049), pp. 514–524.
69 Id. at 528.
70 Id. at 531.
71 Id. at 549–550.

On October 9, 2017, Argentera filed his Reply in G.R. No. 225049.[72]

On December 3, 2019, new counsels for Meralco entered their appearances as counsel, with an explanation as to why the reply has not been filed.[73] They also attached the Reply in G.R. No. 224729.[74] This Court noted these pleadings, and ordered the counsels to be furnished with copies of all pleadings, notices, and other court processes.[75]

In G.R. No. 224729, Meralco alleges in its Petition that Argentera was "validly dismissed" for stealing the disconnect switch blades.[76] However, it says that the Court of Appeals gravely erred when it upheld the award of separation pay and other monetary benefits to Argentera.[77] It relies on *Daabay v. Coca-Cola Bottlers Philippines, Inc.*,[78] where it was held that the award of monetary and other benefits to the validly dismissed employee for serious misconduct was akin to financial assistance or separation pay. Meralco says these benefits are awarded only when an employee is validly dismissed for causes other than serious misconduct or those reflecting his moral character. As such, Argentera is allegedly not entitled to such award.[79]

In his Comment, Argentera argues that the Collective Bargaining Agreement serves as the law between the parties. He adds that absent any showing of forfeiture of benefits in its provisions or any company policy, he is entitled to bonuses and benefits. He notes that there is also no law or jurisprudence indicating an automatic forfeiture of benefits and bonuses for an employee's serious misconduct.[80]

Meralco reiterates in its Reply that since Argentera was dismissed for serious misconduct, which reflects his moral depravity, he was not entitled to bonuses and other benefits as held in *Daabay*.[81] It adds that social justice, the law, and the collective bargaining agreement do not protect an errant worker who committed serious misconduct,[82] noting that Argentera's bonuses pending investigation depended on its results.[83]

In G.R. No. 225409, Argentera alleges in his Petition that the loss of the disconnect switch blades was not proven, as no inventory for the Forbes

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72 *Rollo* (G.R. No. 224729), pp. 157–164.
73 *Rollo* (G.R. No. 225049), pp. 551–557.
74 Id. at 558–568.
75 *Rollo* (G.R. No. 224729), pp. 192–193.
76 Id. at 9.
77 Id.
78 716 Phil. 806 (2013) [Per J. Reyes, First Division].
79 *Rollo* (G.R. No. 224729), p. 11.
80 Id. at 76
81 Id. at 181.
82 Id. at 187.
83 Id.

Park substation was presented.[84] He also discredits the testimony of Garcia, the reliever who was with them on August 6, 2012, pointing out that Garcia had first testified that he did not see Argentera take the blades but later recanted his testimony in favor of Meralco.[85]

Argentera further argues that Eco's testimony is not credible because it was inconsistent with human experience. Argentera says there was no reason for him to admit to taking the blades, and only said so to remove "the heat from him[.]"[86] He also claims that Reformina's testimony was hearsay, as it was not based on his personal knowledge.[87]

In their Comment, Meralco and Pangilinan allege that the Petition should be summarily dismissed as it was filed on August 1, 2016, one day after the extended period on July 30, 2016.[88] They add that the decision to dismiss Argentera was valid, supported by the exhaustive investigation that Meralco had conducted.[89] They maintain that the labor tribunals' findings, as affirmed by the Court of Appeals, should be accorded finality.[90]

Argentera, in his Reply, refutes the claim that his Petition was filed out of time. Since the extended period falls on a Saturday, he says his Petition was timely filed on the next business day, or on August 1, 2016.[91] He asserts that his culpability was not proven with substantial evidence and that the finding of probable cause against him cannot substitute the burden of evidence in the illegal dismissal case.[92] Finally, he alleges that he was denied procedural due process because he was not allowed to test the credibility of the witnesses against him.[93] Thus, he says this Court can look into the factual and legal bases for his dismissal.[94]

The issues for resolution are:

First, whether or not this Court may review the factual findings of the lower courts in sustaining the validity of Apolinar A. Argentera's dismissal for stealing Meralco's disconnect switch blades;

Second, whether or not Apolinar A. Argentera is entitled to the award of monetary benefits; and

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84 *Rollo* (G.R. No. 225049), p. 24.
85 Id. at 25–27.
86 Id. at 27
87 Id.
88 Id. at 470–471. This is allegedly shown by the date of notarization of the Verified Statement on Dates of Receipts of Questioned Resolutions, Affidavit of Service, and Verified Declaration attached to Argentera's Petition, all of which were notarized on August 1, 2016.
89 Id. at 474–475.
90 Id. at 476–478.
91 Id. at 538.
92 Id.
93 Id. at 539.
94 Id.

Finally, whether or not these benefits are automatically forfeited upon a finding of cause to dismiss an employee.

Before resolving these, however, this Court must first resolve the issues of whether or not Apolinar A. Argentera is qualified to be a pauper litigant, as well as whether or not his Petition in G.R. No. 225049 was timely filed within the extended period.

I

This Court finds Argentera qualified to litigate as an indigent.

Rule 141, Section 19 of the Rules of Court, as amended, provides the requirements for the exemption of payment of legal fees.[95] The litigant must show that their immediate family's gross income does not exceed double the monthly minimum wage, and any real property that they own should not exceed ₱300,000.00 in fair market value.[96]

Here, Argentera submitted a Court of Appeals Resolution allowing him to litigate as an indigent.[97] He also submitted a Barangay Certificate of Indigency[98] and the City of Pasig's Social Service and Welfare Department Certificate stating that his family belongs "to [the] low income bracket of the community and have no financial capacity to provide immediate needs."[99]

Due to the insufficiency of his supporting affidavits, this Court required him to fully comply with Rule 141, Section 19.[100] He then submitted an Affidavit of Indigency, stating that he has no fixed income and that his intermittent job as a technician was not enough to support the needs of his family. Moreover, he manifested that the services of his counsel is on

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95 RULES OF COURT, Rule 141, sec. 19 states:
SECTION 19. *Indigent litigants exempt from payment of legal fees.* — Indigent litigants (a) whose gross income and that of their immediate family do not exceed an amount double the monthly minimum wage of an employee and (b) who do not own real property with a fair market value as stated in the current tax declaration of more than three hundred thousand (₱300,000.00) pesos shall be exempt from the payment of legal fees.
The legal fees shall be a lien on any judgment rendered in the case favorable to the indigent litigant unless the court otherwise provides.
To be entitled to the exemption herein provided, the litigant shall execute an affidavit that he and his immediate family do not earn a gross income abovementioned, nor they own any real property with the fair value aforementioned, supported by an affidavit of a disinterested person attesting to the truth of the litigant's affidavit. The current tax declaration, if any, shall be attached to the litigant's affidavit.
Any falsity in the affidavit of litigant or disinterested person shall be sufficient cause to dismiss the complaint or action or to strike out the pleading of that party, without prejudice to whatever criminal liability may have been incurred. (16a)

96 Id.

97 *Rollo* (G.R. No. 225049), p. 9.

98 Id. at 10.

99 Id. at 11.

100 Id. at 463–464.

a contingency basis.[101] He also attached the Joint Affidavit of Disinterested Persons attesting to Argentera's lack of property.[102]

We hold that Argentera is exempt from paying legal fees under Rule 3, Section 21 of the Rules of Court.

Noncompliance with the twin criteria of gross income and property under Rule 141, Section 19 does not automatically disqualify a litigant to be declared as an indigent party. Thus, a litigant's exemption from paying legal fees is subject to this Court's exercise of discretion under the parameters of Rule 3, Section 21.[103]

In *Algura v. City of Naga*,[104] this Court harmonized the rules on indigent litigants as follows:

> In the light of the foregoing considerations, therefore, the two (2) rules can stand together and are compatible with each other. When an application to litigate as an indigent litigant is filed, the court shall scrutinize the affidavits and supporting documents submitted by the applicant to determine if the applicant complies with the income and property standards prescribed in the present Section 19 of Rule 141 — that is, the applicant's gross income and that of the applicant's immediate family do not exceed an amount double the monthly minimum wage of an employee; and the applicant does not own real property with a fair market value of more than Three Hundred Thousand Pesos (PhP 300,000.00). If the trial court finds that the applicant meets the income and property requirements, the authority to litigate as indigent litigant is automatically granted and the grant is a matter of right.
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> However, if the trial court finds that one or both requirements have not been met, then it would set a hearing to enable the applicant to prove that the applicant has "no money or property sufficient and available for food, shelter and basic necessities for himself and his family." In that hearing, the adverse party may adduce countervailing evidence to disprove the evidence presented by the applicant; after which the trial court will rule on the application depending on the evidence adduced. In addition,

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101 Id. at 523.

102 Id. at 520.

103 RULES OF COURT, Rule 3, sec. 21 states:
SECTION 21. *Indigent party.* — A party may be authorized to litigate his action, claim or defense as an indigent if the court, upon an *ex parte* application and hearing, is satisfied that the party is one who has no money or property sufficient and available for food, shelter and basic necessities for himself and his family.
Such authority shall include an exemption from payment of docket and other lawful fees, and of transcripts of stenographic notes which the court may order to be furnished him. The amount of the docket and other lawful fees which the indigent was exempted from paying shall be a lien on any judgment rendered in the case favorable to the indigent, unless the court otherwise provides.
Any adverse party may contest the grant of such authority at any time before judgment is rendered by the trial court. If the court should determine after hearing that the party declared as an indigent is in fact a person with sufficient income or property, the proper docket and other lawful fees shall be assessed and collected by the clerk of court. If payment is not made within the time fixed by the court, execution shall issue or the payment thereof, without prejudice to such other sanctions as the court may impose. (22a)

104 536 Phil. 819 (2006) [Per J. Velasco, Third Division].

> Section 21 of Rule 3 also provides that the adverse party may later still contest the grant of such authority at any time before judgment is rendered by the trial court, possibly based on newly discovered evidence not obtained at the time the application was heard. If the court determines after hearing, that the party declared as an indigent is in fact a person with sufficient income or property, the proper docket and other lawful fees shall be assessed and collected by the clerk of court. If payment is not made within the time fixed by the court, execution shall issue or the payment of prescribed fees shall be made, without prejudice to such other sanctions as the court may impose.[105]

Based on Argentera's documents, he failed to comply with the provisions of Rule 141, Section 19. However, it is clear that these documents show his indigency under Rule 3, Section 21. We are convinced that after being dismissed from employment, Argentera's intermittent income as a technician is not sufficient for his family's sustenance. Thus, we declare that he is an indigent litigant and exempt him from paying the legal fees in G.R. No. 225049.

As to the issue on the timeliness of Argentera's Petition, we hold that it was filed within the extended period.

On June 30, 2016, Argentera filed a Motion for Extension of 30 days to file his Petition for Review on Certiorari, or until July 30, 2016.[106] This was granted in this Court's July 13, 2016 Resolution.[107] Considering that July 30, 2016 falls on a Saturday, the extended deadline fell on the next working day, August 1, 2016.[108] Thus, the Petition was timely filed.

II

Generally, a Rule 45 petition under the Rules of Court may only raise questions of law. Questions of fact in a petition for review on certiorari are beyond this Court's ambit of review. While there are exceptions, these exceptions must be alleged, substantiated, and proved:

> At present, there are 10 recognized exceptions that were first listed in Medina v. Mayor Asistio, Jr.:
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> (1) When the conclusion is a finding grounded entirely on speculation, surmises or conjectures; (2) When the inference made is manifestly mistaken, absurd or impossible; (3) Where there is a grave abuse of discretion; (4) When the judgment is based on a misapprehension of facts; (5) When the findings of fact are conflicting; (6) When the Court of Appeals, in making its findings, went beyond the issues of the case and

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105 Id. at 835–836.
106 *Rollo* (G.R. No. 225049), pp. 3–7.
107 Id. at 13.
108 *Reiner Pacific International Shipping, Inc. v. Guevarra*, 711 Phil. 438 (2013) [J. Abad, Third Division].

> the same is contrary to the admissions of both appellant and appellee; (7) The findings of the Court of Appeals are contrary to those of the trial court; (8) When the findings of fact are conclusions without citation of specific evidence on which they are based; (9) When the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondents; and (10) The finding of fact of the Court of Appeals is premised on the supposed absence of evidence and is contradicted by the evidence on record.[109] (Citations omitted)

A mere enumeration of exceptions without proof will not allow this Court to review factual findings, as doing so is beyond the limits of a Rule 45 petition. This is consistent with the doctrine that the labor tribunals' factual findings, as affirmed by the Court of Appeals, are generally conclusive and binding on this Court.

Here, Argentera admits that his questions are factual. He invokes that the Court of Appeals' findings are mere speculations and unsupported by substantial evidence. He says there was no specific evidence cited to clearly establish his culpability on the alleged theft of the disconnect switch blades.[110] He questions the testimonies of the witnesses against him, saying that they are hearsay and self-serving.[111]

We deny these contentions.

To determine the validity of a dismissal, an employee's culpability must be established using substantial evidence:

> Private respondent's documentary evidence showing the culpability of petitioners should prevail over petitioners' uncorroborated explanations and self-serving denials regarding their involvement in the pilferages. All administrative determinations require only substantial proof and not clear and convincing evidence[.] Proof beyond reasonable doubt of the employee's misconduct is not required, it being sufficient that there is some basis for the same or that the employer has reasonable ground to believe that the employee is responsible for the misconduct, and his participation therein renders him unworthy of the trust and confidence demanded by his position[.] Thus, petitioners cannot assert that the public respondent closed its eyes to their evidence. The latter's findings are supported by substantial evidence which goes beyond the minimum evidentiary support required by law.[112] (Citations omitted)

Argentera was dismissed for serious misconduct and several violations of Meralco's Code of Conduct.[113] The Labor Arbiter found

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109 *Pascual v. Burgos*, 776 Phil. 167, 182–183 (2016) [Per J. Leonen, Second Division] citing *Medina v. Mayor Asistio, Jr.*, 269 Phil. 225, 232 (1990) [Per J. Bidin, Third Division].

110 *Rollo* (G.R. No. 225049), p. 22.

111 Id. at 24.

112 *Segismundo v. National Labor Relations Commission*, 309 Phil. 160, 163 (1994) [Per J. Bidin, Third Division].

113 *Rollo* (G.R. No. 224729), p. 48.

sufficient evidence showing Argentera and Tizon's culpability for the missing disconnect switch blades in the Forbes Park substation:

> In the instant case, several witnesses have come forward to testify against complainant regarding his involvement in the loss of the disconnect switch blades in Meralco's Forbes Park Substation.
>
> First, the two (2) security guards assigned at the said substation, S/G Gil Udag and S/G Roberto Mecina, Jr., positively identified complainant and Mr. Tizon as the ones who entered the Forbes Park S[ubs]tation on August 6, 22 & 23, 2012, and after they left, several disconnect switch blades were missing. It is highly suspicious that when complainant and Tizon entered the said substation, the security guards were prevented by them to approach the work area on the ground that it is dangerous although said substation was already retired and de-energized. In addition, when they left the premises, the complainant and Tizon did not fill-up the SAF to indicate that they pulled-out subject items.
>
> Secondly, a fellow crew member (Edward Garcia) testified that it was the complainant and Tizon who removed the disconnect switch blades from the said substation and loaded the same at the back of the crew truck.
>
> Third, another fellow crew member (Christian Reformina) also attested (Annex 4, respondent's Position Paper) that from January to August 2012, they went to the Forbes Park Substation 2-3 times a week led by A/F Foreman Apolinar Argentera and Leadman Antonio Tizon where they dismantled disconnect switch blades and other retriable materials and loaded them at the back of the truck (T-2319). Said witness also narrated that the complainant sold the subject items to their frequented junkshops.
>
> Fourth, complainant's supervisor and team leader never instructed complainant and Tizon to go to the Forbes Park Substation on August 6, 22 & 23, 2012. Neither did they authorize complainant and Tizon to remove or dismantle the disconnect switch blades therein.
>
> Against the above positive declarations of the said witnesses, it would appear the complainant could only offer a general denial. Noticeably, complainant did not present any witness to support his innocence. As ruled in Apo Cement Corp. v. Baptisma, G.R. No. 176671, June 20, 2012: "It bears stressing that a positive testimony prevails over a negative one, more specifically in this case where respondent's witnesses did not even execute affidavits to attest to the truthfulness of their statements." Also, there appears to be no ill-motive on the part of Meralco's witnesses to falsely accuse complainant of the anomalies in question. Complainant's uncorroborated claim that the accusations against him were merely concocted so that "x x ako ay siraan o di kaya nama'y dahil gusto lamang nilang umangat x x", is clearly but a feeble attempt to discredit the evidences (sic) against him. Similarly, complainant's allegation that the second testimony of Edward Garcia (Exh "12") is more credible than the first testimony (Exh "5") will not serve to exculpate the complainant. On the contrary, both affidavits clearly establish the fact that complainant and Tizon were at the Forbes Park substation on the dates in question when no instruction was given to them to proceed to said premises. Moreover, even without the testimony of Edward Garcia, there are other witnesses positively pointing to the complainant as the

perpetrator in the theft of the disconnect switch blades at the Forbes Park Substation. It may not be amiss to state at this juncture that based on the sworn statements of his supervisors, complainant made an admission to them that he was responsible for the unauthorized taking of the said disconnect blades (see dismissal letter marked as Exh F, complainant's Position Paper). To this, complainant could only offer a general denial. Certainly, a general denial cannot prevail over the sworn statements of the two (2) supervisors of complainant.[114]

The National Labor Relations Commission affirmed these findings and further held:

> While it is true that there was no categorical statement from the security guards during the administrative hearing that complainant and Mr. Tizon were "caught in the act", it bears stressing that they (security guards) were actually prevented from approaching them (complainant and Mr. Tizon) allegedly because the work area is dangerous. . . .
>
> . . . .
>
> As regards the absence of inventory or equipment in the substation, the security guards had this explanation: "*...Dahil sa tagal na rin po naming naka-assign doon, pamilyar at memorized na po namin ang mga gamit*". Indeed, the security guards had acquired familiarity with the equipment in the substation as both of them had been assigned in the said substation since 2007. Thus, every time that complainant and Mr. Tizon had left the area on August 06, 22 and 23, 2012, the security guards easily noticed that the switch blades were missing as they immediately noted down in their log book.
>
> Complainant cannot, likewise, use his alibi that he went to the substation on 06 August 2012 to pull out the oil pump and hose since there was no instruction either from Mr. Enrique delos Santos, as well as from Mr. Jomar Eco for him to proceed to that substation.
>
> More importantly, complainant was unable to refute the Affidavit of Mr. Christian C. Reformina, another crew member of T-2319, who states that the following:
>
> > "5. *Nuong panahon ng January to August 2012, naalala ko na sa Forbes Park Substation pumunta kami doon upang magsagawa ng inspection...once a month...subalit nung mapasama ako sa Crew T-2319 sa pamumuno ni Apolinar Argentera at Antonio Tizon, humigit kumulang 2-3 beses sa isang linggo kami pumupunta sa Forbes Park Station upang illegal silang magbaklas ng mga retirable materials gaya ng parts ng [s]witch gear, bus bar, disconnect switch, power cables, grounding, at mga parts ng power circuit breaker...Tumatagal kami sa substation ng humigi't kumulang 3-4 hours kada bisita...Dinadala nila ang retirable materials sa mga junk shops sa Taytay kung saan malapit nakatira si Tizon at minsan naman ay malapit sa Malibay substation..*

[114] *Rollo* (G.R. No. 225049), pp. 384–385.

> 6. *...sa pangunguna ng aming A/F Foreman na si Apolinar Argentera at Leadman na si Antonio C. Tizon ay pumupunta kami sa Forbes Park Substati[o]n 2-3 times a week upang mag-inspect at sa gayon din ay magbaklas ng mga retirable materials at inilalagay nila ito sa likod ng truck na may number T-2319 nang naka sako. Ang mga sako ay mismong si Tizon ang bumibili. Ang iba naman na retirable materials gaya ng bus bar at disconnect switch blades ay sa harap ng sakayan ng truck inilalagay, madalas nakatago sa likod ng upuan nila. Tumatagal kami sa substation ng 3-4 hours. Nakakalusot ang mga ito sa mga security guards dahil hindi lahat ng item sa likuran ng truck ay nache-check ng guard sapagkat ang ibang items ay pinagkakasya sa tool box at yung mga hindi lang nagkasya sa tool box ang nache-check subalit ibang pangalan ng item na iyon ang idinideclare nila sa Substation Form (SAF) na isinusumite sa guard.*
>
> 7. *...at ibinibenta (sic) ito sa mga junk shops sa may Lupang Arenda sa Taytay, at malapit sa Malibay substation sa may Chino Roces Extension...sa pangunguna nina Tizon at Argentera. Ang perang nap[a]gbentahan sa mga nakaw na retirable materials ay ginagamit nina Tizon, Aragon at Argentera pambili ng illegal drugs na kanilang ginagamit.*"
>
> Verily, the foregoing testimony of Mr. Reformina explains in details on how the modus operandi was perpetrated by complainant and Mr. Tizon and, in particular, on how the pilfered materials were hidden in the tool box, as well as inside the front seats of the service truck to avoid detection by the security guards. The inability of complainant to refute the testimony of Mr. Reformina, in effect, gives credence to the second statement of Mr. Garcia which also implicated complainant and Mr. Tizon in the pilferage of the materials from the subject substation. Therefore, on the bases of the facts and circumstances as presented in the instant case, there exists substantial evidence to support the finding of the Labor Arbiter that complainant was dismissed from his job for a just cause.[115] (Citations omitted)

These factual findings are supported by the evidence on record. Argentera failed to prove that these are mere speculations. The Labor Arbiter is correct that even discounting Garcia's testimony, there are other testimonies that implicate him in the loss of the blades.[116] As for Eco's and Reformina's testimonies, Argentera offered nothing but bare allegation to persuade this Court to disregard them. His excuse that he was authorized by his supervisor to go to the Forbes Park substation to pull out the oil pump and hose[117] was not proven by competent evidence. The text message that allegedly contained the instructions was not presented. Eco, the supervisor, denied giving these instructions.

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[115] Id. at 418–421.
[116] Id. at 385.
[117] *Rollo* (G.R. No. 224729), p. 195.

Finally, we deny Argentera's allegation that the loss of the blades was not established.[118] The blades were discovered missing during an inventory of equipment and materials at the Forbes Park substation.[119] From the security guards' logbook and their testimonies, it was established that these items were recorded missing on August 6, 22, and 23, 2012, when Argentera's unit went to the Forbes Park substation.[120]

We agree with the Court of Appeals that Argentera's dismissal for stealing Meralco's disconnect switch blades was established by substantial evidence. These factual findings bind this Court. We are constrained to dismiss Argentera's Petition in G.R. No. 225049 for lack of merit.

III

The crux of the controversy is the propriety of the Court of Appeals' award of benefits to Argentera despite upholding the validity of his dismissal for serious misconduct.

The Court of Appeals awarded benefits to Argentera since Meralco did not establish that he was placed under preventive suspension during its administrative investigation.[121] More important, it awarded monetary benefits because Meralco failed to establish that the dismissal of its employee results in the forfeiture of these benefits.[122]

We agree with the Court of Appeals.

It is a management prerogative to temporarily suspend an employee under investigation to prevent them from causing harm or injury to the company and to fellow employees.[123] Preventive suspension during an administrative investigation is authorized in the Omnibus Rules Implementing the Labor Code.[124] Unless preventively suspended, the employee can continue working and earning wages, benefits, and privileges.

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118 Id. at 23–25.
119 *Rollo* (G.R. No. 225049), p. 440.
120 Id. at 384.
121 Id. at 444.
122 Id. at 445.
123 *Mandapat v. ADD Force Personnel Services, Inc.*, 638 Phil. 150 (2010) [Per J. Perez, First Division].
124 Omnibus Rules Implementing the Labor Code (1989), Book Five, Rule XIV, secs. 3 and 4 state:
SECTION 3. *Preventive suspension.* — The employer may place the worker concerned under preventive suspension if his continued employment poses a serious and imminent threat to the life or property of the employer or of his co-workers.
SECTION 4. *Period of suspension.* — No preventive suspension shall last longer than thirty (30) days. The employer shall thereafter reinstate the workers in his former or in a substantially equivalent position or the employer may extend the period of suspension provided that during the period of extension, he pays the wages and other benefits due to the worker. In such case, the worker shall not be bound to reimburse the amount paid to him during the extension if the employer decides, after completion of the hearing, to dismiss the worker.

Meralco's Code on Right Employee Conduct also prescribes preventive suspension when the offense of an employee under investigation is punishable by dismissal:

> RULE 9. GENERAL PROVISIONS
>
> . . . .
>
> 9) The Office Manager may place the employee under preventive suspension pending the result of the investigation if the penalty provided for the offense involves possible dismissal and the employee's continued presence at work poses a serious and imminent threat to the company or to his co-employees.
>
> . . . .
>
> 11) An employee under suspension or preventive suspension shall not be allowed to enter company premises and use company facilities during the period covered by the suspension, which includes his rest/off days. The employee may only be allowed to do so for official or business purposes but he shall be escorted by Security.[125]

Notably, the charges against Argentera were punishable by dismissal. From Argentera's first notification of his violations and hearing on November 29, 2012,[126] to the investigation's conclusion on January 29, 2014,[127] Argentera was not shown to have been preventively suspended. It follows that during this period, he continued working for Meralco until he was notified of his dismissal on February 19, 2014.[128]

Meralco does not dispute the Court of Appeals' finding that its rules and policies do not expressly provide that "an employee under investigation is not entitled to any existing benefits and bonuses."[129] There is no provision in its company policy that prescribes forfeiture of benefits as a penalty for violations. Instead, Meralco relies on *Daabay v. Coca-Cola Bottlers Philippines, Inc.*[130] and insists that Argentera's valid dismissal for serious misconduct results in the forfeiture of all his benefits. Supposedly, the ruling in *Bañez v. De La Salle University*[131] was superseded by *Manila Water Company v. Del Rosario*.[132] Since the award of monetary and other benefits is akin to financial assistance or separation pay given on the basis of equity and social justice, Meralco concludes that an employee dismissed for serious

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125 *Rollo* (G.R. No. 224729), p. 228.
126 *Rollo* (G.R. No. 225049), p. 122.
127 *Rollo* (G.R. No. 224729), p. 6.
128 *Rollo* (G.R. No. 225049), pp. 217–218.
129 Id. at 445.
130 716 Phil. 806 (2013) [Per J. Reyes, First Division].
131 534 Phil. 825 (2006) [Per J. Ynares-Santiago, First Division].
132 725 Phil. 513 (2014) [Per J. Perez, Second Division]. The case was cited in *rollo* (G.R. No. 224729), p. 14.

misconduct is not entitled to its award.[133]

Meralco fails to convince.

Book Six, Rule I, Section 7 of the Omnibus Rules Implementing the Labor Code refers to separation pay and existing rights, benefits, and privileges of an employee:

> SECTION 7. *Termination of employment by employer.* — The just causes for terminating the services of an employee shall be those provided in Article 282 of the Code. The separation from work of an employee for a just cause does not entitle him to the termination pay provided in the Code, without prejudice, however, to whatever rights, benefits, and privileges he may have under the applicable individual or collective agreement with the employer or voluntary employer policy or practice.

In numerous cases, this Court has upheld the validity of an employer's forfeiture policy of entitlement to benefits and privileges for a dismissed employee.[134] In default of a specific forfeiture policy or provision in the collective bargaining agreement, *Bañez v. De La Salle University*[135] is instructive:

> While we note that Bañez was validly dismissed, we find it necessary to modify the Court of Appeals' ruling insofar as it denied her monetary claims for lack of "evidentiary support." Bañez is entitled by law and by specific provisions of the CBA to receive 13th month pay, salary increases, cash conversion of unused vacation and sick leave and longevity pay, among others. The onus is on respondents, not on Bañez, to show that these legally and contractually mandated benefits had been paid.
>
> Moreover, respondents erred in forfeiting Bañez's benefits as a consequence of her termination. Their reliance on *San Miguel Corporation v. National Labor Relations Commission* is misplaced. In that case, the Court ruled that an employer had the prerogative to instill discipline in his employees and to impose reasonable penalties, including dismissal, pursuant to company rules and regulations. Here, respondents did not point to any specific University rule or CBA provision allowing forfeiture of benefits as an accompanying "reasonable penalty" for termination. Neither is there legal, jurisprudential or contractual support for the forfeiture.
>
> Respondents are thus ordered to pay Bañez all her earned monetary benefits under the law and the CBA such as, but not limited to, proportional 13th month pay, salary increases, converted vacation and sick leave credits, and longevity pay as of October 30, 1996, the date of her

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[133] Id. at 11.

[134] *Tolentino v. Philippine Airlines, Inc.*, 824 Phil. 505 (2018) [Per J. Carpio, Second Division]; *Rivera v. Allied Banking Corporation*, 722 Phil. 144 (2015) [Per J. Villarama, Third Division].

[135] 534 Phil. 825 (2006) [Per J. Ynares-Santiago, First Division].

termination[.][136] (Citations omitted)

In *Marcos v. National Labor Relations Commission*,[137] employees who were dismissed from employment due to labor saving methods were deemed entitled to service awards, anniversary bonuses, and prorated performance bonuses that they had earned before separation from work. Echoing the labor arbiter's findings, this Court held:

> We are likewise in accord with the findings of the labor arbiter that petitioners are indeed entitled to receive service awards and other benefits, thus:
>
> > Since each of the complainants have rendered services to respondent in multiples of five years prior to their separation from employment, respondent should be paid their service awards for 1990.
> >
> > We are not impressed with the contention of the respondent that service award is a bonus and therefore is an act of gratuity which the complainants have no right to demand. *Service awards are governed by respondent's employee's manual and (are) therefore contractual in nature.*
> >
> > On the matter of anniversary and performance bonuses, it is not disputed that it is respondent's practice to give an anniversary bonus every five years from its incorporation; that pursuant to this practice, respondent declared an anniversary bonus for its 80th Anniversary in 1990; that per terms of this declaration, only the employees of respondent as of 15 November 1990 will be given the bonus; and that complainants were separated from respondent only 25 days before the respondent's anniversary. On the other hand, it is also not disputed that respondent regularly gives performance bonuses; that for its commendable performance in 1990, respondent declared a performance bonus; that per terms of this declaration, only permanent employees of respondent as of March 30, 1991 will be given this bonus; and that complainants were employees of respondents for the first 10 months of 1990.
> >
> > We cannot see any cogent reason why an anniversary bonus which respondent gives only once in every five years were given to all employees of respondent as of 15 November 1990 (*pro rata* even to probationary employees; Annex 9) and not to complainants who have rendered service to respondent for most of the five year cycle. This is also true in the case of performance bonus which were given to permanent employees of respondent as of 30 March 1991 and not to employees who have been connected with respondent for most of 1990 but were separated prior to 30 March 1991.

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[136] Id. at 837–838.

[137] 318 Phil. 172 (1995) [Per J. Regalado, Second Division].

> We believe that the prerogative of the employer to determine who among its employees shall be entitled to receive bonuses which are, as a matter of practice, given periodically cannot be exercised arbitrarily.[138] (Emphasis in the original, citation omitted)

An employer cannot unilaterally declare the forfeiture of wages, benefits, and privileges that have accrued in favor of a dismissed employee. The employer must prove the basis for the forfeiture through its policies, employee contracts, or its collective bargaining agreement. Without such proof, there is no basis to forfeit accrued monetary benefits as of the date of termination. To do so would violate Article 100[139] of the Labor Code, since the benefits have already accrued to the employee.

Meralco cannot rely on *Daabay* and *Manila Water Company*. These cases pertain to separation pay or financial assistance awarded at the termination of employment.

In *Daabay*, the employee was validly dismissed for his involvement in a conspiracy allowing the pilferage of the company's property. The labor tribunals awarded retirement benefits as a measure of social justice, "to humanize the severe effects of dismissal[.]"[140] This Court characterized the award of retirement benefits as "akin to a financial assistance or separation pay" and ruled that such award cannot be given to employees dismissed for serious misconduct, or reasons reflecting on their moral character.[141]

In *Manila Water Company*, the lower courts awarded separation pay to the employee as consideration for his 21 unblemished years of service. This Court reversed this award and held that an employee's service record does not mitigate the penalty for their act of stealing company property and does not justify the separation pay.[142] Nothing in *Manila Water Company* states that an employee who was dismissed from employment forfeits their benefits and privileges under their contract, the collective bargaining agreement, or other applicable policy or practice.

The two cases are inapplicable here. Argentera's monetary claims are not like separation pay or financial assistance. He prayed for Christmas bonuses for 2012 and 2013, monetized vacation and sick leave benefits,

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138 Id. at 184–185.

139 LABOR CODE, art. 100 states:
ARTICLE 100. Prohibition against elimination or diminution of benefits. Nothing in this Book shall be construed to eliminate or in any way diminish supplements, or other employee benefits being enjoyed at the time of promulgation of this code.

140 *Daabay v. Coca-Cola Bottlers Philippines, Inc.* 716 Phil. 806, 816 (2013) [First Division, Per J. Reyes].

141 Id.

142 *Manila Water Company v. Del Rosario*, 725 Phil. 513 (2014) [Per J. Perez, Second Division].

anniversary and midyear bonuses, and performance incentive benefits.[143] These are monetary benefits that accrued from his continued employment pending Meralco's investigation. In contrast, separation pay is given by virtue of termination of employment, in the interest of social justice.

Without an express provision on the forfeiture of benefits in a company policy or contractual stipulation under an individual or collective contract, the employee's rights, benefits, and privileges are not automatically forfeited upon dismissal. The employee's termination from employment is without prejudice to the "rights, benefits, and privileges [they] may have under the applicable individual or collective agreement with the employer or voluntary employer policy or practice."[144]

Thus, Argentera did not forfeit the monetary benefits he earned pending Meralco's investigation until he was notified of his dismissal.

IV

There being no forfeiture of benefits, we now determine the propriety of the Court of Appeals' award.

Article XXI, Section 1 of the Collective Bargaining Agreement provides that a "one-time lump sum consideration shall be given to all covered supervisory employees in PG 7 to PG 12 worth seventy thousand pesos (₱70,000.00)."[145] Moreover, Article XXI, Section 2 refers to economic and social benefits given to regular supervisory employees, although unspecified:

> Section 2. Unspecified Economic and Social Benefits. — All existing economic and social benefits not specified in this Agreement but extended by the COMPANY to all regular supervisory employees by operation of law and established Company policies and practices shall be maintained by the COMPANY.[146]

Based on these provisions, the Court of Appeals partially reversed the labor tribunals' rulings and held that Argentera was entitled to monetary benefits and ordered the remand of the case for its computation.[147]

The terms of the Collective Bargaining Agreement are clear and unconditional on the lump sum benefit given to qualified employees.[148] The

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143 *Rollo* (G.R. No. 225049), pp. 70–71.
144 OMNIBUS RULES IMPLEMENTING THE LABOR CODE, Rule 1, Book VI, sec. 7.
145 *Rollo* (G.R. No. 225049), p. 81.
146 Id.
147 Id.
148 Id. at 81. *See* Collective Bargaining Agreement, art. XXI, sec. 1.

labor tribunals and the Court of Appeals awarded this benefit to Argentera.[149] Thus, it is too late now to question such award since Meralco had never before disputed that Argentera was qualified to receive this benefit under the Collective Bargaining Agreement.

The employer has the burden of proving payment of monetary claims in the normal course of business.[150] Similarly, the employer also bears the burden of proving payment of legally and contractually mandated benefits.[151] Meralco failed to discharge this burden. It failed to present any company policy that expressly provides that a finding of guilt in its administrative investigation results in the forfeiture of accrued benefits. The Collective Bargaining Agreement is clear that the payment of the ₱70,000.00 lump sum benefit is unconditional. Argentera is entitled to receive it.

Meanwhile, Argentera's claim of the ₱20,000.00 signing bonus under the Collective Bargaining Agreement is without basis. There is nothing in it that grants such amount. Similarly, we reverse the award of longevity pay under Article XXII, Section 2[152] of the agreement since it is not included in Argentera's monetary claims.[153]

Nonetheless, Argentera is entitled to the monetary equivalent of his unutilized vacation and sick leave benefits. Meralco failed to dispute these benefits, effectively admitting that Argentera is entitled to them.

As for his claims of Christmas, anniversary, midyear, and incentive bonuses, he is only entitled to those that are demandable.

In *Eastern Telecommunications Philippines, Inc. v. Eastern Telecommunications Employees Union*,[154] this Court held that bonuses are demandable if made part of the employee's basic salaries or wages:

> From a legal point of view, a bonus is a gratuity or act of liberality of the giver which the recipient has no right to demand as a matter of right. The grant of a bonus is basically a management prerogative which cannot be forced upon the employer who may not be obliged to assume the onerous burden of granting bonuses or other benefits aside from the employee's basic salaries or wages.

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149 Id. at 443–445.

150 *Minsola v. New City Builders, Inc.*, 824 Phil. 864 (2018) [Per J. Reyes, Second Division].

151 *Bañez v. De La Salle University*, 528 Phil. 825 (2006) [Per J. Ynares-Santiago, First Division].

152 *Rollo* (G.R. No. 225049), p. 82. Collective Bargaining Agreement, art. XXII, sec. 2 states:
Section 2. Longevity Bonus — The COMPANY shall continue its existing Longevity Bonus Program whereby every year a longevity bonus equivalent to two hundred pesos (₱200) per year of service is granted to employees who complete in that year multiples of five (5) years of service, starting from ten (10) years of continuous service, and shall implement the program in accordance with the Company's rules and regulations.

153 Id. at 70–71.

154 681 Phil. 519 (2012) [Per J. Mendoza, Third Division].

> A bonus, however, becomes a demandable or enforceable obligation when it is made part of the wage or salary or compensation of the employee. Particularly instructive is the ruling of the Court in *Metro Transit Organization, Inc. v. National Labor Relations Commission*, where it was written:
>
> > Whether or not a bonus forms part of wages depends upon the circumstances and conditions for its payment. If it is additional compensation which the employer promised and agreed to give without any conditions imposed for its payment, such as. success of business or greater production or output, then it is part of the wage. But if it is paid only if profits are realized or if a certain level of productivity is achieved, it cannot be considered part of the wage. Where it is not payable to all but only to some employees and only when their labor becomes more efficient or more productive, it is only an inducement for efficiency, a prize therefore, not a part of the wage.[155] (Citations omitted)

Bonuses stipulated in the collective bargaining agreement or those granted as company practice are demandable.[156]

Here, the Collective Bargaining Agreement refers to unspecified economic and social benefits given to all regular supervisory employees.[157] Meralco obligated itself to maintain these benefits. Argentera alleges that Meralco failed to give him anniversary and midyear benefits that it regularly gives to its employees.[158] Aside from this, he says he was also not given an incentive benefit based on his performance rating.[159]

Meralco was silent on the anniversary and midyear benefits.[160] It only refuted the claim for incentive bonuses, alleging that Argentera is not entitled to the award because his performance was found wanting and was "tainted by felonious acts of qualified theft against the company."[161] Applying *Eastern Telecommunications*, we hold that Argentera is entitled to anniversary and midyear bonuses. Meralco failed to refute that it has been regularly giving these bonuses to its employees. Thus, the bonuses are considered part of Argentera's salary to which he was entitled while the investigation was pending, until his dismissal. However, he is not entitled to the award of incentive bonus since it is given as an inducement for efficiency, which is not considered part of his regular salary.

This Court does not condone the deplorable acts that Argentera had committed against Meralco. In awarding accrued benefits to an employee

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155 Id. at 530–531.
156 Id. at 531.
157 *Rollo* (G.R. No. 225049), p. 82.
158 Id. at 71.
159 Id.
160 Id. at 137.
161 Id.

who was dismissed for serious misconduct, we are simply applying the law and jurisprudence. They are clear that termination from employment is without prejudice to the rights, benefits, and privileges of an employee under a contract or those under established company policy or practice. Since Meralco failed to prove that termination from employment automatically leads to forfeiture of accrued benefits, Argentera is entitled to all the benefits he had previously received prior to his dismissal.

WHEREFORE, the Petitions in G.R. No. 224729 and G.R. No. 225049 are **DISMISSED**. The Court of Appeals' November 27, 2015 Decision and May 12, 2016 Resolution in CA-G.R. SP No. 140945 are **AFFIRMED WITH MODIFICATION**.

Apolinar A. Argentera is entitled to the ₱70,000.00 lump sum payment, monetized vacation and sick leave benefits, and Christmas, anniversary, and midyear bonuses that accrued during the investigation against him, from its initiation until his eventual dismissal.

This case is **REMANDED** to the Labor Arbiter for the computation of the total monetary benefits awarded and due to Apolinar A. Argentera. All monetary awards shall be subject to the interest rate of 6% per annum from the date of finality of this Decision until full payment.

SO ORDERED.

MARVIC M.V.F. LEONEN
Associate Justice

WE CONCUR:

RAMON PAUL L. HERNANDO
Associate Justice

HENRI JEAN PAUL B. INTING
Associate Justice

EDGARDO L. DELOS SANTOS
Associate Justice

JHOSEP Y. LOPEZ
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MARVIC M.V.F. LEONEN
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

DIOSDADO M. PERALTA
Chief Justice