Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

PHILIPPINE BANK OF COMMUNICATIONS,
Petitioner,

- *versus* -

PHILIPPINE BANK OF COMMUNICATIONS EMPLOYEES ASSOCIATION (PBCOMEA),
Respondent.

G.R. No. 254021

Present:

PERLAS-BERNABE, *S.A.J.*,
Chairperson,
HERNANDO,
INTING,
GAERLAN, and
DIMAAMPAO, *JJ.*

Promulgated:

FEB 14 2022

x - x

D E C I S I O N

INTING, *J.*:

Before the Court is a Petition for Review on *Certiorari*[1] under Rule 45 of the Rules of Court assailing the Decision[2] dated October 18, 2019 and the Resolution[3] dated September 17, 2020 of the Court of Appeals (CA) in CA-G.R. SP No. 155585. In the assailed Decision and Resolution, the CA modified the Decision[4] dated April 20, 2018 of the Office of the Voluntary Arbitrator (OVA) in AC-812-RCMB-NCR-LVA-016-01-10-2017 and denied the motion for reconsideration, respectively.

---

[1] *Rollo*, pp. 18-34.

[2] *Id.* at 38-57; penned by Associate Justice Walter S. Ong with Associate Justices Ricardo R. Rosario (now a Member of the Court) and Zenaida T. Galapate-Laguilles, concurring.

[3] *Id.* at 59-63.

[4] *Id.* at 93-106; penned by Accredited Voluntary Arbitrator Atty. Allan S. Montaño.

The Antecedents[5]

The Multi-Purpose Loan Program

In the 1980s, Philippine Bank of Communications (petitioner), an entity engaged in the commercial banking business, adopted a policy granting multi-purpose loan benefits to its qualified employees. The program allowed employees to avail themselves of several loans simultaneously, subject to the debt service ratio (*i.e.*, the overall debt servicing for all types of loans should not exceed 35% of the employee's net pay). It also allowed employees who would avail themselves of loans to pledge or utilize their mid-year and year-end bonuses, regardless of whether their monthly salary could still accommodate the loan amortizations without upsetting the allowable debt service ratio.[6]

In 2003, the loan policy and its corresponding benefits were incorporated in the parties' collective bargaining agreement (CBA). Nonetheless, in 2007, the enjoyment of the benefits was disturbed when the new management took over and crafted a new loan policy. Accordingly, the grant of loans through pledges or deductions from the mid-year or year-end bonuses became discretionary on petitioner's part. Consequently, the Philippine Bank of Communications Employees Association (respondent), the sole and exclusive bargaining agent of petitioner's rank-and-file employees, opposed the new policy such that petitioner suspended its implementation.[7]

In 2014, a new group of investors took over the management of petitioner and redefined the multi-purpose loan program. Under the latest loan policy, employees can no longer avail themselves of additional loan using their mid-year and year-end bonuses as pledges in case the amortization can still be accommodated by their take-home pay. Respondent again protested, but unlike the previous management which deferred the implementation pending the settlement of the controversy, the new management unilaterally enforced the latest multi-purpose loan program.[8]

---

[5] As culled from the Decision of the Office of Voluntary Arbitrator dated April 20, 2018; *id.* at 94-104.

[6] *Id.* at 94-95.

[7] *Id.* at 95-96.

[8] *Id.* at 96.

The Service Award Policy

Moreover, petitioner had the policy of recognizing the long service of its employees by giving out service awards on its anniversary, or every September 4 of each year. The service award policy took effect on January 1, 1998 and was given to employees who completed 10 years of service and continued to serve every five years thereafter. It covered even those who retired under petitioner's mandatory retirement policy but completed the required number of years in service. Resigned employees were given the same arrangement as the retired employees.[9]

However, on September 18, 2015, under its new management, petitioner modified the service award policy in that an employee must be "on board as of release date or September 4 of each year" to be entitled to it. Consequently, at least three employees were unable to receive the service award as they were no longer "on board" as of the release date, namely: John Conrad Clavio, Ronald Buenavista, and Marcus Brian Belo.[10]

Respondent asked for the recall of the policies on loan and service award but to no avail. Hence, the matter was brought under voluntary arbitration.[11]

For its part, petitioner countered that it did not violate the CBA and that it validly exercised its management prerogative when it disallowed the pledge of bonuses as payment of the employees' loans and amended the service award policy.[12]

Ruling of the OVA

In the Decision[13] dated April 20, 2018, the OVA ruled for respondent, declaring that: (1) the change in the multi-purpose loan program is a violation of the CBA; and (2) the employees should be entitled to service award upon the completion of the required number of years of service, regardless of the date when the awarding ceremonies actually take place.[14]

---

[9] *Id.* at 96-97.
[10] *Id.* at 98.
[11] *Id.*
[12] *Id.* at 101 and 103.
[13] *Id.* at 93-106.
[14] *Id.* at 106.

The OVA decreed that the subject policies were incorporated in the CBA of the parties. Thus, they cannot be changed, altered, or modified without the consent of both the contracting parties.[15]

Hence, the OVA directed petitioner to maintain the practice of allowing the pledge of bonus as payment of the employees' loans and declared void the requirement that employees should be "on board" on the date of petitioner's anniversary to be entitled to the service award.[16]

Aggrieved, petitioner filed a Petition for Review[17] with the CA.

Ruling of the CA

In the Decision[18] dated October 18, 2019, the CA partly granted the petition, thus:

> The *Petition for Review* dated 04 May 2018 is PARTLY GRANTED. The assailed *Decision* dated 20 April 2018 is MODIFIED in that the amendment on the payment of loans through pledges/deductions from mid-year/year-end bonuses, subject to an employee's length of service and the amount of his Net Take Home Pay, is DECLARED a valid imposition. The declaration as void, of the requirement that employees should be on board on the date of [petitioner's] anniversary to be entitled to the Service Award, is SUSTAINED.
>
> IT IS SO ORDERED.[19]

The CA noted that the CBA merely required petitioner to maintain a loan program for its employees without reference to the manner of payment or conditions for the loan program. Thus, in imposing additional conditions on the manner of loan repayment, petitioner did not breach its obligation to maintain its existing loan program.[20]

---

[15] *Id.* at 105.
[16] *Id.* at 106.
[17] *Id.* at 72-89.
[18] *Id.* at 38-57.
[19] *Id.* at 56.
[20] *Id.* at 49.

Meanwhile, like the OVA, the CA ruled that petitioner unilaterally imposed a new condition when it required resigned or retired employees to be "on board" at the time of release of the service award. According to the CA, in so doing, petitioner modified the CBA which is violative of the Labor Code. It also decreed that the grant of service awards to retired and resigned employees ripened into a vested right as it was a benefit which was given by petitioner to qualified employees who rendered the required years dating back to 1998 and which was subsequently incorporated in the CBA.[21]

With the denial of its Motion for Partial Reconsideration,[22] petitioner filed the present petition and raised the following issues:

Issues

A.

WHETHER OR NOT THE COURT OF APPEALS COMMITTED A REVERSIBLE ERROR IN RULING THAT [PETITIONER] VIOLATED THE CBA WHEN IT REQUIRED AN EMPLOYEE TO BE ON BOARD AS OF RELEASE DATE OF THE SERVICE AWARD.

B.

WHETHER OR NOT RETIRED OR RESIGNED EMPLOYEES ACQUIRED A VESTED RIGHT OVER THE SERVICE AWARD DESPITE THE FACT THAT THEY ARE NO LONGER CONNECTED WITH [PETITIONER].[23]

Petitioner's Arguments

Petitioner seeks a partial reconsideration of the CA decision insofar as the issue of the service award policy is involved. It claims that it did not violate the CBA when it required an employee to be "on board" as of the release date of the service award; that the amended service award policy does not violate the rule on non-diminution of benefits; and that those employees who resigned did not acquire any vested right as they are no longer connected with petitioner at the time of distribution of the award.[24]

---

[21] *Id.* at 55-56.
[22] *Id.* at 64-70.
[23] *Id.* at 20-21.
[24] *Id.* at 23-25.

Petitioner also insists that applying the clear provisions of the CBA, it is not precluded from amending the eligibility requirements to be qualified for the service award. It adds that even assuming that the Service Award Policy dated January 1, 1998 was incorporated in the existing CBA, its exclusive management prerogative to amend the terms of the service award should be recognized. It maintains that those who already retired and resigned are not entitled to and have no vested right over the benefit because of the cessation of the employer-employee relationship between them and petitioner.[25]

Respondent's Arguments

Respondent counters that the OVA properly removed the requirement imposed by petitioner that a retired or resigned employee must be "on board" at the time of release of the service award. Respondent posits that such requirement violated the CBA and stresses that there is nothing in the January 1, 1998 Service Award Policy which requires the candidate to be "on board" as of the date of release of the service award. For respondent, the service award policy was incorporated in the CBA by necessary implication; therefore, it was already outside the purview of management prerogative. In fine, it asserts that petitioner may have had the prerogative to unilaterally change the service award policy at the time of its introduction in 1998; however, when the service award became an item in the CBA, it can no longer be unilaterally changed without the participation of respondent.[26]

The Court's Ruling

The petition is denied.

It is settled that the Court is not a trier of facts and only questions of law should be raised in a petition for review on *certiorari*. When supported by the required evidence, the Court will not review or disturb the findings of fact of the appellate courts as they are final and conclusive upon it and on the parties.[27] At the same time, it is beyond dispute that in labor law, the CBA is the norm of conduct or the law between the parties. When the terms of a CBA are clear and there is no

[25] *Id.* at 27-29.

[26] *Id.* at 205-207.

[27] *Pascual v. Burgos*, 776 Phil. 167, 182-183 (2016), citing *CIR v. Embroidery and Garments Industries (Phil.), Inc.*, 364 Phil. 541, 546 (1999)

doubt as to the parties' intention, the literal meaning of its stipulations shall prevail,[28] as in the present case.

To illustrate, in finding for respondent, the OVA and the CA made reference to the Service Award Policy[29] dated January 1, 1998, the pertinent provisions of which read:

> I. POLICY:
>
> The Bank shall give due recognition to employees who have shown both loyalty and integrity in the service of the Bank upon completing at least ten (10) years of employment and every five (5) years thereafter. The awarding ceremonies shall be held on the anniversary date of the Bank.
>
> II. ELIGIBILITY:
>
> The following shall be eligible to receive the Service Award:
>
> 1. Regular Officers and Staff who have completed the required number of years in any award category.
>
> 2. Candidate has no pending administrative case/s x x x
>
> 3. Overall work performance is at least average during the preceding year.
>
> For purposes of this award, length of service shall be reckoned from date of [the] employee's appointment (date of hiring) in the Bank.
>
> In case an employee retires under the mandatory retirement policy of the Bank prior to the date of the Bank anniversary after completing the required number of years in any award category, the employee shall receive his award in a special ceremony on the date of his retirement.
>
> In case an employee becomes eligible to a certain award category but resigns prior to the scheduled awarding ceremony, the employee shall receive his award together with his separation benefits.
>
> x x x x
>
> IV. IMPLEMENTING GUIDELINES:

---

[28] *Supreme Steel Corp. v. Nagkakaisang Manggagawa ng Supreme Independent Union (NMS-IND-APL)*, 662 Phil. 66, 86 (2011), citing *United Kimberly-Clark Employees Union-Phil. Transport General Workers' Organization (UKCEU-PTWGO) v. Kimberly-Clark Phils., Inc.*, 519 Phil. 176, 191 (2006).

[29] *Rollo*, pp. 158-160.

x x x x

MANAGEMENT IN THE EXERCISE OF ITS SOLE AND EXCLUSIVE PREROGATIVE MAY ADD, DELETE, AMEND AND/OR REVERSE THIS POLICY.[30]

By the Service Award Policy dated January 1, 1998 above, the award shall cover incumbent employees, as well as retired and resigned employees, and petitioner may modify the policy in the exercise of its management prerogative. Subsequently, the service award policy was incorporated in the CBA. This time, the participation of both petitioner and respondent is necessary in revising the terms and conditions for the service award. Specifically, Section 2, Article XII of the CBA provides for the review of petitioner, as the management, and respondent, as the employees' union, in determining and granting the service award:

> Section 2. The Bank shall improve the existing Service Awards as follows:

LENGTH OF SERVICE	SERVICE AWARD
10 years	₱ 6,250.00
15 years	₱ 9,875.00
20 years	₱ 13,500.00
25 years	₱ 18,375.00
30 years	₱ 22,250.00
35 years	₱ 26,125.00
40 years	₱ 30,000.00

> Before 31 March 2013, Management and Union shall review the existing policy on Service Award *to determine the respective allocations for the service award token and the cash bonus*.[31] (Italics supplied.)

The wordings of the CBA are clear and unequivocal. Petitioner could revise the service award policy only with the knowledge and participation of respondent. Indeed, the CBA must be construed in the context in which it is negotiated and the purpose for which it is intended to serve.[32] Here, the CBA aims to allow respondent to provide its input on how the standards and procedure for the grant of the service award shall be made. It follows that petitioner cannot unilaterally alter its terms

---

[30] *Id.*

[31] *Id.* at 169 and 176-177

[32] *Supreme Steel Corp. v. Nagkakaisang Manggagawa ng Supreme Independent Union (NMS-IND-APL)*, *supra* note 28 at 88.

without consulting respondent. Thus, when petitioner decided to require that only those who are "on board" at the time of awarding can be granted the service award, without consulting respondent with the change in policy, petitioner violated the CBA which is not allowed by the law.

The right of petitioner to ascertain who among its employees are entitled to a service award is not totally eliminated but it is limited by the express provision of the CBA. Verily, considering that the CBA is the law between the parties, petitioner is obliged to comply with its provisions. Stated differently, where the CBA is clear and unambiguous, it becomes the law between the parties and compliance with it is mandated by the express policy of the law.[33] This principle is highlighted by the Court in *Coca-Cola Bottlers Philippines, Inc. v. Iloilo Coca-Cola Plant Employees Labor Union*:[34]

> A CBA is the negotiated contract between a legitimate labor organization and the employer concerning wages, hours of work, and all other terms and conditions of employment in a bargaining unit. It incorporates the agreement reached after negotiations between the employer and the bargaining agent with respect to terms and conditions of employment.
>
> It is axiomatic that the CBA comprises the law between the contracting parties, and compliance therewith is mandated by the express policy of the law. The literal meaning of the stipulations of the CBA, as with every other contract, control if they are clear and leave no doubt upon the intention of the contracting parties. Thus, where the CBA is clear and unambiguous, it becomes the law between the parties and compliance therewith is mandated by the express policy of the law. Moreover, it is a familiar rule in interpretation of contracts that the various stipulations of a contract shall be interpreted together, attributing to the doubtful ones that sense which may result from all of them taken jointly.[35]

At the same time, the act of petitioner of modifying the terms and conditions of the grant of service award amounted to a diminution of benefits. Such is the case because petitioner unilaterally withdrew a benefit enjoyed by the employees and founded on a company policy;[36] thus, petitioner's act must be corrected.

[33] *Goya, Inc. v. Goya, Inc. Employees Union-FFW*, 701 Phil. 645, 659-660 (2013), citing *TSPIC Corp. v. TSPIC Employees Union*, 568 Phil. 774, 783 (2008).

[34] G.R. No. 195297, December 5, 2018.

[35] *Id.* Citations omitted.

[36] See *Supreme Steel Corp. v. Nagkakaisang Manggagawa ng Supreme Independent Union (NMS-IND-APL)*, *supra* note 28 at 92.

In sum, parties are bound by the terms and conditions, stipulations and clauses under the CBA, with the sole limitation that they are not contrary to law, morals, public order, or public policy. Therefore, where the terms of the CBA are clear, its literal meaning must prevail.[37] Accordingly, finding no sufficient reasons shown for petitioner not to comply with its obligations under the CBA, the Court sustains the decision of the CA to affirm the ruling of the OVA that the requirement for employees to be "on board" on the date of the release of the service award is void.

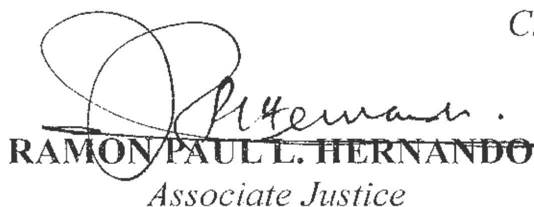
WHEREFORE, the petition is **DENIED**. The Decision dated October 18, 2019 and the Resolution dated September 17, 2020 of the Court of Appeals in CA-G.R. SP No. 155585 are **AFFIRMED**.

SO ORDERED.

HENRI JEAN PAUL B. INTING
Associate Justice

WE CONCUR:

ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson



RAMON PAUL L. HERNANDO
Associate Justice

SAMUEL H. GAERLAN
Associate Justice

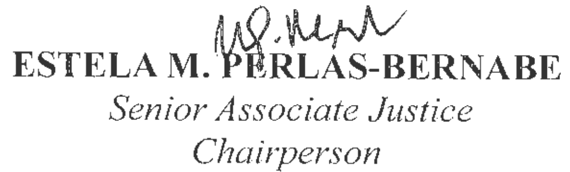
JAPAR B. DIMAAMPAO
Associate Justice

---

[37] *Benson Industries Employees Union-ALU-TUCP v. Benson Industries, Inc.*, 740 Phil. 670 (2014), citing *Supreme Steel Corp. v. Nagkakaisang Manggagawa ng Supreme Independent Union (NMS-IND-APL)*, *supra* note 28.

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.



ESTELA M. PERLAS-BERNABE
Senior 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.

ALEXANDER G. GESMUNDO
Chief Justice