Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

SUSAN B. VILLAFUERTE, ELENITA P. EROY, LARRAINE L. ABELLAR, AIDA S. SANTOS, JOCELYN D. LINO, REGGIE LEY L. DELA CRUZ, CRISTIAN I. PERUA, ARTHUR O. PENDILLA, ANTONIO M. CABRERA, DIONISIO C. QUINO, AND GEORGE B. PURUGGANAN, *Petitioners,* *- versus -* **DISC CONTRACTORS, BUILDERS AND GENERAL SERVICES, INC. and LUIS F. SISON,** *Respondents.* x----------x	**G.R. Nos. 240202-03** **Present:** LEONEN, *J.*, *Chairperson,* LAZARO-JAVIER, LOPEZ, M., LOPEZ, J., *and* KHO, Jr., *JJ.*
DISC CONTRACTORS, BUILDERS AND GENERAL SERVICES, INC., *Petitioner,* *- versus -* **SUSAN B. VILLAFUERTE, ELENITA P. EROY, LARRAINE L. ABELLAR, AIDA S. SANTOS, JOCELYN D. LINO, REGGIE LEY L. DELA CRUZ, CRISTIAN I. PERUA, ARTHUR O. PENDILLA, ANTONIO M. CABRERA, DIONISIO C. QUINO, AND GEORGE B. PURUGGANAN,** *Respondents.* x----------x	**G.R. Nos. 240462-63** **Promulgated:** JUN 27 2022

DECISION

LOPEZ, J., *J.*:

This Court resolves the consolidated Petitions for Review on *Certiorari* assailing the Decision[1] and Resolution[2] of the Court of Appeals. The Court of Appeals affirmed the Decision[3] and Resolution[4] of the National Labor Relations Commission which modified the awards granted by the labor arbiter to the employees of Disc Contractors, Builders and General Services, Inc. (*Disc Contractors*) in its Decision.[5]

Facts

These cases stemmed from the Complaints filed by Susan B. Villafuerte (*Villafuerte*), Elenita P. Eroy (*Eroy*), Larraine L. Abellar (*Abellar*), Aida S. Santos (*Santos*), Jocelyn D. Lino (*Lino*), Reggie Ley L. Dela Cruz (*Dela Cruz*), Cristian I. Perua (*Perua*), Arthur O. Pendilla (*Pendilla*), Antonio M. Cabrera (*Cabrera*), Dionisio C. Quino (*Quino*) and George B. Purugganan (*Purugganan*) (collectively, *Villafuerte et al.*), all former employees of Disc Contractors, for underpayment of separation pay, nonpayment of vacation leave, sick leave, midyear bonus, anniversary bonus, birthday leave, rice subsidy, uniform allowance, health maintenance organizations benefits, moral damages, exemplary damages, and attorney's fees.

Disc Contractors started as Dasmariñas Industrial and Steelworks Corporation, a wholly-owned subsidiary of the Philippine National Construction Corporation[6] that was established in 1973 under the Systems Construction Group. Its main line of business was the manufacture of prefabricated steel structures for the various projects of Philippine National

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1 *Rollo* (G.R. Nos. 240202–03), pp. 577–590. The December 28, 2017 Decision in CA-G.R. SP Nos. 148641 and 148711 was penned by Associate Justice Jose C. Reyes, Jr. (now a retired member of the Supreme Court), and concurred in by Associate Justices Elihu A. Ybañez and Pedro B. Corales of the Fourth Division, Court of Appeals, Manila.

2 *Id.* at 645–647. The June 27, 2018 Resolution in CA-G.R. SP Nos. 148641 and 148711 was penned by Associate Justice Jose C. Reyes, Jr. (now a retired member of the Supreme Court), and concurred in by Associate Justices Elihu A. Ybañez and Pedro B. Corales of the Former Fourth Division, Court of Appeals, Manila.

3 *Id.* at 302–326. The June 30, 2016 Decision was penned by Presiding Commissioner Alex A. Lopez, and concurred in by Commissioners Pablo C. Espiritu, Jr. and Cecilio Alejandro C. Villanueva of the Third Division, National Labor Relations Commission, Quezon City.

4 *Id.* at 380–389. The September 30, 2016 Resolution was penned by Presiding Commissioner Alex A. Lopez, and concurred in by Commissioners Pablo C. Espiritu, Jr. and Alejandro C. Villanueva of the Third Division, National Labor Relations Commission, Quezon City.

5 *Id.* at 197–226. The January 27, 2016 Decision was penned by Labor Arbiter Pablo A. Gajardo, Jr., National Labor Relations Commission, Quezon City.

6 Formerly Construction Development Corporation of the Philippines.

Construction Corporation. In 1979, to further promote and enhance its steel products which helped Philippine National Construction Corporation reduce construction costs, accelerate completion date, and improve overall product quality, the Philippine National Construction Corporation Management decided to separate Systems Construction Group from the mother company and named it Dasmariñas Steelworks Corporation. In the same year, Philippine National Construction Corporation established another subsidiary, the Dasmariñas Industrial Corporation, which handled the manufacturing, assembly, and repowering of heavy construction equipment. In 1981, to support the country's efforts to upgrade the local steel fabrication industry, Dasmariñas Steelworks Corporation and Dasmariñas Industrial Corporation merged and became Dasmariñas Industrial and Steelworks Corporation. In 2006, following the approval by the Securities and Exchange Commission of the quasi-reorganization of Dasmariñas Industrial and Steelworks Corporation, its name was changed to Disc Contractors.[7]

Villafuerte et al. were all former employees of Disc Contractors occupying various positions for several years until they were all separated from employment on September 30, 2015 due to the cessation of operations of the company.[8] The pertinent portions of their respective certificates of employment show the following details:

Name of Employee	Inclusive Dates	Position	Employment Status
Susan B. Villafuerte	07/14/03–10/20/03	Materials Engineer	Contractual
	10/21/03–09/05/04	Materials Engineer	Contractual
	09/06/04-05/19/13	Materials Engineer	Contractual
	05/20/2013	Materials Engineer	Separated due to end of contract
	05/21/13-11/20/13	Materials Engineer	Probationary
	11/21/13-09/29/15	Materials Engineer	Regular
	09/30/2015	Materials Engineer	Separated due to cessation of DISC operations[9]
Elenita P. Eroy	09/18/06-04/19/10	Bookkeeper	Project Employee
	04/20/10-06/14/11	Accountant	Project Employee
	06/15/2011	Accountant	Separated

7 *Rollo* (G.R. Nos. 240202–03), p. 127; pncc.ph/LINKS/PDFs/Subsidiaries&Affiliates.pdf
8 *Id.* at 98–110.
9 *Id.* at 98.

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	06/16/11-05/20/13	Accountant	*(no data)*
	05/21/13-11/20/13	Accountant II	Probationary
	11/21/13-09/29/15	Accountant II	Regular
	09/30/2015	Accountant II	Separated due to cessation of DISC operations[10]
Larraine L. Abellar	07/22/95-07/05/96	Accounting Clerk	Project Employee
	07/06/96-03/31/10	Bookkeeper I	Project Employee
	04/01/10-06/14/11	Accountant	Project Employee
	06/15/2011	Accountant	Separated
	06/16/11-05/20/13	Accountant	*(no data)*
	05/21/13-11/20/13	Accountant I	Probationary
	11/21/13-09/29/15	Accountant I	Regular
	09/30/2015	Accountant I	Separated due to cessation of DISC operations[11]
Aida S. Santos	08/21/00-11/05/00	Cost Engineer	Project Employee
	11/06/00-07/05/02	Cost Engineer	Project Employee
	07/06/02-02/20/08	Cost Engineer	Project Employee
	02/21/08-02/20/12	Cost Engineer	Project Employee
	02/21/12-05/19/13	Cost Engineer	Project Employee
	05/20/2013	Cost Engineer	Separated due to end of contract
	05/21/13-11/20/13	Cost Engineer I	Probationary
	11/21/13-09/29/15	Cost Engineer I	Regular
	09/30/2015	Cost Engineer I	Separated due to cessation of DISC operations[12]
Jocelyn D. Lino	07/16/07-07/20/11	Clerk	Project Employee
	07/21/11-05/19/13	Clerk	Project Employee
	05/20/2013	Clerk	Separated due to end of contract
	05/21/13-11/20/13	Materials Expediter	Probationary
	11/21/13-	Materials	Regular

[10] *Id.* at 99–100.
[11] *Id.* at 101–102.
[12] *Id.* at 103.

	09/29/15	Expediter	
	09/30/2015	Materials Expediter	Separated due to cessation of DISC operations[13]
Reggie Ley L. Dela Cruz	10/23/06-04/20/09	Accounting Clerk	Project Employee
	04/21/09-05/19/13	Accounting Clerk	Project Employee
	05/20/2013	Accounting Clerk	Separated
	05/21/13-11/20/13	Bookkeeper II	Probationary
	11/21/13-09/29/15	Bookkeeper II	Regular
	09/30/2015	Bookkeeper II	Separated due to cessation of DISC operations[14]
Cristian I. Perua	03/11/08-09/20/10	Clerk	Project Employee
	11/02/10-02/05/11	Clerk	Project Employee
	02/06/11-06/05-11	Clerk	Project Employee
	06/06/11-05/19/13	Clerk	Project Employee
	05/20/13	Clerk	Separated
	05/21/13-11/20/13	Bookkeeper II	Probationary
	11/21/13-09/29/15	Bookkeeper II	Regular
	09/30/2015	Bookkeeper II	Separated due to cessation of DISC operations[15]
Arthur O. Pendilla	08/19/09-07/20/11	Project Engineer	Project Employee
	07/21/11-05/19/13	Project Engineer	Project Employee
	05/20/2013	Project Engineer	Separated due to end of contract
	05/21/13-11/20/13	Senior Engineer	Probationary
	11/21/13-09/29/15	Senior Engineer	Regular
	09/30/2015	Senior Engineer	Separated due to cessation of DISC operations[16]
Antonio M. Cabrera	07/24/00-05/20/07	Supervising Engineer	Proj[ect] Employee
	05/21/07-05/19/13	Supervising Engineer	Proj[ect] Employee
	05/20/2013	Supervising	Separated due to end of contract

[13] *Id.* at 104.
[14] *Id.* at 105.
[15] *Id.* at 106.
[16] *Id.* at 107.

		Engineer	
	05/21/13-11/20/13	Engineer II	Probationary
	11/21/13-09/29/15	Engineer II	Regular
	09/30/2015	Engineer II	Separated due to cessation of DISC operations[17]
Dionisio C. Quino	08/21/00-06/30-01	Field Engineer	Project Employee
	07/01/01-08/31/01	Field Engineer	Project Employee
	09/01/01-03/05/04	Field Engineer	Project Employee
	03/06/04-09/05/04	Field Engineer	Project Employee
	09/06/04-02/20/08	Field Engineer	Project Employee
	02/21/08-05/20/11	Field Engineer	Project Employee
	05/21/11-05/19/13	Field Engineer	Project Employee
	05/20/2013	Field Engineer	Separated
	05/21/13-11/20/13	Engineer II	Probationary
	11/21/13-09/29/15	Engineer II	Regular
	09/30/2015	Engineer II	Separated due to cessation of DISC operations[18]
George B. Purugganan	04/08/08-05/05/10	Driver	Project Employee
	05/06/10-08/05/11	Field Engineer	Project Employee
	08/06/11-05/19/13	Field Engineer	Contractual
	05/20/2013	Field Engineer	Separated due to end of contract
	05/21/13-11/20/13	Engineer I	Probationary
	11/21/13-09/29/15	Engineer I	Regular
	09/30/2015	Engineer I	Separated due to cessation of DISC operations[19]

On May 28, 1999, the Board of Directors of Disc Contractors passed Resolution No. BD-007-1999 approving the grant of midyear bonus for calendar year 1999 to all its entitled employees, officers, Board of Directors, and the secretariat.[20] This bonus was patterned after the Philippine National

[17] *Id.* at 108.
[18] *Id.* at 109.
[19] *Id.* at 110.
[20] *Id.* at 111.

Construction Corporation's midyear bonus and given every 15th day of May until 2012.[21] Starting 2013, however, Disc Contractors discontinued the grant of this bonus. The company also did not give midyear bonuses in 2014 and 2015.[22]

In a letter dated April 7, 2015 addressed to Atty. Luis F. Sison (*Atty. Sison*), President of Disc Contractors, Villafuerte et al. requested for the release of their 2013 midyear bonus. In a hand-written notation inscribed on the lower right-hand corner of the said letter, Atty. Sison denied the request stating that:

> In consultation w/ Legal, I am sorry that I am unable to provide a favorable response to your request. I believe there are certain procedural requirements necessary and until so fulfilled I must deny the request.[23]

Aggrieved with the denial of their request, which did not disclose the procedural requirements that must be complied with for said benefit's grant and the person charged to comply with the said requirements, Villafuerte et al. filed a Complaint on September 29, 2015, which was later amended, for underpayment of separation pay, non-payment of midyear bonus, vacation leave, sick leave, anniversary bonus, birthday leave, rice subsidy, uniform allowance, and health maintenance organizations benefits, with prayer for damages and attorney's fees.[24]

Villafuerte et al. asserted in their Position Paper that they are entitled to all the employee benefits that they are claiming as a matter of right since the grant of such benefits has ripened into a company practice which could not be unilaterally withdrawn without transgressing Article 100[25] of the Labor Code on nondiminution of benefits given that Disc Contractors has granted these benefits voluntarily, with no conditions attached, and regularly for 14 continuous years. By reason of the company's unilateral discontinuance of the said benefits, it must also be made liable for moral and exemplary damages, as well as attorney's fees.[26]

In its Position Paper, Disc Contractors admitted that it granted its employees annual midyear bonus starting 1999 until 2012. However, it was

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21 *Id.* at 112–125, 128.
22 *Id.* at 20.
23 *Id.* at 126.
24 *Id.* at 20–24, 197.
25 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.
26 *Id.* at 93–94.

constrained to discontinue giving the said benefit beginning 2013 upon the advice of the Governance Commission for Government-Owned and Controlled Corporations. The Governance Commission for Government-Owned and Controlled Corporations supposedly informed Disc Contractors that since it was a government-owned and controlled corporation, then the grant of the said benefit was bereft of legal basis without the President's prior approval, as mandated by Presidential Decree No. 1597[27] and Republic Act No. 10149.[28] Disc Contractors contended further that there could be no diminution of benefits by the withholding of this benefit since its earlier grants were contrary to law, and therefore, it could not develop into a vested right.[29]

Regarding the other benefits being claimed by Villafuerte et al., Disc Contractors insisted that they were not entitled to their money claims prior to May 21, 2015 because they executed waivers and quitclaims releasing and discharging the company from any and all claims that may be due them by reason of their employment.[30] Even assuming that the waivers and quitclaims were not validly executed, they could no longer claim additional separation pay for services rendered prior to May 21, 2013 when they were still project employees because they were already paid their project completion bonus equivalent to 50% of their salaries for every year of their service.[31] They were also not entitled to vacation leave pay and sick leave pay because they were already paid said benefits as evidenced by the computation of their final pay. No anniversary bonus, birthday leave, rice subsidy, uniform allowance, and health maintenance organizations benefits can also be given to Villafuerte et al. before May 21, 2013 since these benefits were given only to regular employees, which they are not. Moreover, anniversary bonus was given only for the years 2008 and 2009.[32]

In a Decision,[33] the labor arbiter held that Philippine National Construction Corporation is not a government-owned and controlled corporation but a private enterprise pursuant to *Philippine National Construction Corporation v. Pabion*.[34] Being a wholly-owned subsidiary of Philippine National Construction Corporation, Disc Contractors necessarily

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27 FURTHER RATIONALIZING THE SYSTEM OF COMPENSATION AND POSITION CLASSIFICATION IN THE NATIONAL GOVERNMENT.

28 AN ACT TO PROMOTE FINANCIAL VIABILITY AND FISCAL DISCIPLINE IN GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS AND TO STRENGTHEN THE ROLE OF THE STATE IN ITS GOVERNANCE AND MANAGEMENT TO MAKE THEM MORE RESPONSIVE TO THE NEEDS OF PUBLIC INTEREST AND FOR OTHER PURPOSES (GOCC Governance Act of 2011).

29 *Rollo* (G.R. Nos. 240202–03), pp. 128, 130–133.

30 *Rollo* (G.R. Nos. 240462–63), pp. 216, 218, 220, 222, 224, 226, 229, 231, 233 and 235; *rollo* (G.R. Nos. 240202–03), pp. 133–134; 155.

31 *Rollo* (G.R. Nos. 240202–03), p. 156.

32 *Id.* at 157–158.

33 *Id.* at 197–226.

34 377 Phil. 1019 (1999) [Per J. Panganiban, Third Division].

follows the status of Philippine National Construction Corporation as a private corporation. Thus, it is covered by the Labor Code, and not Presidential Decree No. 1597 and Republic Act No. 10149. Article 100 of the Labor Code precludes Disc Contractors from withdrawing the grant of the annual midyear bonus to Villafuerte et al. as it has ripened into a company policy given the considerable length of time the company had been giving the same to its employees and officers unilaterally and voluntarily.[35]

Furthermore, the labor arbiter declared that Villafuerte et al. are regular employees of Disc Contractors from the date of their initial hiring as project or contractual employees until their separation therefrom on September 30, 2015. It did not escape the labor arbiter's notice that Villafuerte et al. had been working for Disc Contractors from project to project or contract to contract and rehired without any gap of any day to perform services that are necessary and indispensable to the business or trade of the company. As such, they are removed from the scope of project or contractual employees and must be regarded as regular employees of Disc Contractors.[36]

The labor arbiter also held that as regular employees, they must be paid their separation pay, vacation leave, sick leave, anniversary bonus, birthday leave, rice subsidy, uniform allowance, and health maintenance organizations benefits in the amounts equivalent to those received by the regular employees of Disc Contractors. As for the separation pay, it must be computed from the time of their initial hiring until their separation from the company on September 30, 2015 and not only from the time they were hired as probationary employees on May 21, 2013. The waivers and quitclaims executed by Villafuerte et al. will not relieve the company from its obligation of paying their monetary claims as these waivers and quitclaims are looked upon with disfavor. The act of the company of flatly denying their request for the release of their midyear bonus without performing anything to comply with the requirements for the release of said benefit amounted to malice and gross negligence for which it must be held liable for moral damages. Disc Contractors must also be made to pay exemplary damages and attorney's fees.[37] The dispostive portion of the labor artbiter's Decision reads:

> **WHEREFORE**, premises considered, judgment is hereby rendered as follows:
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> > a) Finding respondent company DISC Contractors, Builders & General Services, Inc. to have violated the non-diminution clause under Article 100 of the Labor Code of the

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35 *Rollo* (G.R. Nos. 240202–03), pp. 204–212.
36 *Id.* at 212, 215–218.
37 *Id.* at 218–223.

> Philippines and hereby ordering respondent company to pay complainants their annual Mid-Year Bonus from the year 2013 and every year thereafter until their separation from employment on September 30, 2015 in the amount equivalent to one month of their respective basic salary as of May 31 of every year;
>
> b) Ordering respondent company to pay complainants the amounts representing their underpaid separation pay computed from their initial hiring as project and/or contractual employees up to their separation from employment on September 30, 2015, less separation pay already paid previously;
>
> c) Ordering respondent company to pay complaints the amounts representing their unpaid vacation leave, sick leave, anniversary bonus, birthday leave, rice subsidy, uniform allowance and [health maintenance organizations], subject to the 3-year prescriptive period provided under Article 291 of the Labor Cod[e];
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> d) Ordering respondent company to pay the amount of Fifty Thousand Pesos (Php 50,000.00) to each complainant as and by way of moral damages;
>
> e) Ordering respondent company to pay complainants the amount of One Hundred Thousand Pesos (Php 100,000.00) as and by way of exemplary damages; and
>
> f) Ordering respondent company to pay complainants the amount equivalent to ten percent (10%) of the total judgment award as and by way of attorney's fees.
>
> Attached and made an integral part of the Decision is the computation of the respective monetary awards of complainants.
>
> SO ORDERED.[38]

Aggrieved, Disc Contractors appealed before the National Labor Relations Commission.

In a Decision,[39] the National Labor Relations Commission affirmed the findings of the labor arbiter that Villafuerte et. al were entitled to midyear bonus under the Labor Code inasmuch as Disc Contractors is a private corporation and, therefore, not covered by Republic Act No. 10149.[40]

While the National Labor Relations Commission agreed with the labor arbiter that Villafuerte et al. were entitled to rice subsidy and health maintenance organizations benefits as reflected in the Certification/ Computation of Separation/Retrenchment/Terminal Benefits (*Certification of Benefits*) issued by Disc Contractors showing said employees' entitlement thereto, it ordered the recomputation of the awards for failure of the labor

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38 *Id.* at 223–225.
39 *Id.* at 302–306.
40 *Rollo* (G.R. Nos. 240202–03), pp. 309–319.

arbiter to indicate how the amounts for the same were computed. It also found the recomputation of the separation pay awarded to them necessary given that the labor arbiter computed their separation pay at one-month pay for every year of service, instead of one-half month pay for every year of service. The National Labor Relations Commission, however, deleted the anniversary bonus, birthday leave, uniform allowance, moral damages, and exemplary damages awarded for failure of Villafuerte et al. to prove their entitlement thereto. It also found unnecessary to grant vacation leave and sick leave benefits to them since their Certification of Benefits shows they were already paid the same and Villafuerte et al. did not deny having received the said benefits.[41] The dispositive portion of the said Decision states:

> WHEREFORE, the decision dated 27 January 2016 is hereby MODIFIED. Respondent Disc Contractors, Builders & General Services is ordered to pay complainants the following:
>
> | | | **Mid-Year Bonus** | **Separation Pay** |
> |---|---|---|---|
> | 1. | Susan B. Villafuerte | 61,122.00 | - |
> | 2. | Jocelyn D. Lino | 36,483.00 | - |
> | 3. | Arthur O. Pendilla | 55,722.00 | - |
> | 4. | George B. Purugganan | 34,722.00 | - |
> | 5. | Aida S. Santos | 48,846.00 | 9,442.00 |
> | 6. | Reggie Ley F. dela Cruz | 37,722.00 | 588.50 |
> | 7. | Cristian I. Perua | 33,336.00 | 7,898.00 |
> | 8. | Antonio M.Cabrera | 52,320.00 | 2,415.00 |
> | 9. | Dionisio C. Quino | 50,841.00 | 5,620.00 |
> | 10. | Elenita P. Eroy | 60,000.00 | 69,593.00 |
> | 11. | Larraine L. Abellar | 61,122.00 | 193,664.00 |
>
> The claims for rice subsidy and HMO are granted subject to re-computation. For this purpose, let the case records be remanded [f]or appropriate proceedings before the Arbitration Branch of origin.
>
> Vacation leave pay and sick leave pay, anniversary bonus, birthday leave, uniform allowance and moral and exemplary damages awarded are hereby DELETED.
>
> The other findings are AFFIRMED.
>
> SO ORDERED.[42]

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41 *Id.* at 320–324.
42 *Id.* at 324–325.

Not satisfied with how the National Labor Relations Commission ruled on the case, Disc Contractors filed a Motion for Reconsideration, while Villafuerte et al. filed a Motion for Partial Reconsideration.

In a Resolution,[43] the National Labor Relations Commission rejected the contention of Disc Contractors that it is a government-owned and controlled corporation. It reiterated its earlier ruling that the status of Philippine National Construction Corporation as a private corporation has already been settled by this Court. As a wholly owned subsidiary of Philippine National Construction Corporation, Disc Contractors follows the status of its parent company. It also affirmed its grant of health maintenance organizations benefits and rice subsidy to the subject employees for failure of Disc Contractors to prove that they were not entitled thereto. The National Labor Relations Commission likewise refused to delete the award for attorney's fees and stood pat that Villafuerte et al. are entitled to the same because they were forced to litigate to protect their rights and interests. However, it partially reconsidered its decision and ordered the separation pay differential awarded to Eroy and Abellar deleted. After a reassessment of the evidence presented, the National Labor Relations Commission found that Eroy and Abellar admitted receiving their separation pay for the entire duration of their employment with Disc Contractors.[44]

As for Villafuerte et al.'s Motion for Partial Reconsideration, the National Labor Relations Commission held that nothing prevented it from reducing the award of separation pay at the rate of 50% of the employees' base pay for every year of their service. The amount given by Disc Contractors, which was equivalent to 100% of their salary, was merely an act of benevolence and under the mistaken belief that it was liable for separation pay only for the period covering May 21, 2013 to September 30, 2015.[45]

The dispositive portion of the National Labor Relations Commission Resolution reads:

> WHEREFORE, the motion for partial reconsideration filed by complainants is hereby DENIED for lack of merit.
>
> The motion for reconsideration filed by respondents is PARTLY GRANTED. The separation pay awarded to complainants Elenita P. Eroy and Larraine L. Abellar are deleted.

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43 *Id.* at 380–389.
44 *Rollo* (G.R. Nos. 240202-03), pp. 383–387.
45 *Id.* at 387–388.

The other findings are affirmed.

SO ORDERED.[46]

Not accepting defeat, both parties filed their respective Petitions for *Certiorari* before the Court of Appeals.

In a Decision[47] dated December 28, 2017, the Court of Appeals found that no grave abuse of discretion can be attributed to the National Labor Relations Commission when it handed down its questioned Decision and Resolution. Thus, it dismissed the Petitions for *Certiorari* separately filed by Disc Contractors and Villafuerte et al. It disposed of the said case in this wise:

> **WHEREFORE**, premises considered, the petitions in CA-G.R. SP No. 148641 and in CA-G.R. SP No. 148711 are hereby **DISMISSED**. The assailed June 30, 2016 Decision and the September 30, 2016 Resolution of the National Labor Relations Commission are hereby **AFFIRMED**. No costs.
>
> **SO ORDERED.**[48]

Both parties moved for partial reconsideration, but the Court of Appeals denied the same in a Resolution.[49] Its dispositive portion reads:

> **WHEREFORE**, premises considered, the instant Motion for Reconsideration is hereby **DENIED** for lack of merit. Accordingly, Our Decision dated December 28, 2017 sought to be reconsidered is hereby **SUSTAINED** *in toto*.
>
> **SO ORDERED.**[50]

Undaunted, both parties are now before this Court *via* their respective Petitions for Review on *Certiorari*.

G.R. Nos. 240202-03

Villafuerte et al. contend that the Court of Appeals was correct when it affirmed the National Labor Relations Commission's ruling entitling them to

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46 *Id.* at 388–389.
47 *Rollo* (G.R. Nos. 240202–03), pp. 577–590.
48 *Id.* at 590.
49 *Id.* at 645–647.
50 *Id.* at 647.

separation pay, not only for the period covering May 21, 2013 until September 30, 2015, but from the time they started working for the company. However, according to them, the Court of Appeals erred when it affirmed the National Labor Relations Commission's ruling reducing the award of separation pay to just 50% of their basic salary for every year of service instead of the rate of 100%. Considering that Disc Contractors voluntarily paid them their respective separation pay in an amount equivalent to 100% of their basic salary for the period covering May 21, 2013 to September 30, 2015, their separation pay covering the period that they were initially hired until May 20, 2013 must also be computed at 100%. The National Labor Relations Commission and the Court of Appeals cannot prohibit Disc Contractors from granting its employees benefits that are more favorable to them.[51]

Villafuerte et al. also claim that the Court of Appeals erred when it affirmed the National Labor Relations Commission's ruling entitling them to midyear bonus only from May 21, 2013 until their separation from the company. They argue that because they are entitled to separation pay for the entire period of their employment, they must also be entitled to the grant of midyear bonus from their initial hiring until their separation therefrom.[52]

They likewise assert that it was grave error for the Court of Appeals to affirm the ruling of the National Labor Relations Commission not entitling them to vacation leave, sick leave, anniversary bonus, birthday leave, uniform allowance, moral damages, and exemplary damages for the following reasons:

(a) They were only paid their vacation leave and sick leave benefits for the period of their employment from May 21, 2013 until September 30, 2015, when they should be accorded the said benefits from the date of their initial hiring until their separation therefrom since they were adjudged to be regular employees of Disc Contractors;[53]

(b) No evidence is necessary to prove their entitlement to anniversary bonus, birthday leave and uniform allowance because the company itself claimed that these benefits are reserved for regular employees. Since they are regular employees of Disc Corporation, they should automatically be granted these benefits from the date of their initial hiring until their separation therefrom. In any event, their

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51 *Id.* at 28–31.
52 *Id.* at 35–37.
53 *Id.* at 41–43.

entitlement thereto is put to rest by the Memorandum[54] issued by PNCC which granted the said benefits to all the employees of its subsidiaries;[55] and

(c) The company's total indifference, complete inaction and deliberate refusal to pay their just and valid monetary claims; malicious use of deceptive and fraudulent schemes of employment agreements to prevent them from attaining regular status of employment; and deliberate and malicious concealment of material and relevant documents showing their entitlement to their monetary claims justify the award to them of moral and exemplary damages.[56]

For its part, Disc Contractors claims that the Court of Appeals did not commit any error when it upheld the decision of the National Labor Relations Commission reducing the award of separation pay to 50% of their monthly salary; and denying the claim for midyear bonus for every year of service prior to 2013, vacation and sick leave pay, anniversary bonus, birthday leave pay, uniform allowance, moral damages and exemplary damages. It maintains that: (1) the National Labor Relations Commission correctly computed the separation pay at the rate of 50% and deducted the amount of separation pay already received by Villafuerte et al. While nothing prohibits employers from acting with benevolence and granting monetary benefits over and above the statutory requirements, nothing can also compel them to be benevolent absent any contractual agreement between the parties; (2) Villafuerte et al. never claimed before the labor tribunals midyear bonus prior to 2013. In fact, a reading of their Position Paper shows that the reason they filed their labor complaint was the discontinuance of the grant of midyear bonus starting 2013. In effect, they admitted having received said benefit from 1999 to 2012. In any event, their claim for midyear bonus for the period prior to 2013 has already prescribed; (3) Villafuerte et al. never denied receiving their vacation and sick leave pay; (4) Villafuerte et al. failed to show any contractual agreement between them and the company that would bind the latter to give them anniversary bonus, birthday leave pay, and uniform allowance; and (5) no bad faith or malice on the part of Disc Contractors was established as would make it liable for moral and exemplary damages.[57]

G.R. Nos. 240462-63

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54 *Id.* at 653–657.
55 *Id.* at 45–47.
56 *Id.* at 49–52.
57 *Id.* at 689–692.

Disc Contractors contends that the Court of Appeals gravely erred when it dismissed its Petition notwithstanding the lack of basis in the National Labor Relations Commission's grant of midyear bonus, rice subsidy, health maintenance organizations benefits, and attorney's fees to Villafuerte et al. It insists the Court of Appeals could not just conclude that the National Labor Relations Commission's ruling was supported by substantial evidence, without stating the substantial evidence it was referring to or by using pieces of evidence which are not in any way connected to the claim.[58]

Disc Contractors explains that the National Labor Relations Commission misappreciated the *Pabion* case when it summarily concluded that Philippine National Construction Corporation is a private corporation. The said case shows that the characterization of Philippine National Construction Corporation as non-government-owned and controlled corporation was for the limited purpose of deciding the applicability of Section 16 of Administrative Order 59,[59] that is, whether the Securities and Exchange Commission has jurisdiction over Philippine National Construction Corporation and may order it to hold a shareholders' meeting for the purpose of electing its board of directors. It insists that by virtue of Letter of Instruction No. 1295,[60] the government effectively owned majority of Philippine National Construction Corporation's shares through a debt-to-equity conversion. Pursuant to the provisions of Republic Act No. 10149, Philippine National Construction Corporation, being owned by the government, and Disc Corporation, a subsidiary fully owned by Philippine National Construction Corporation, are both considered as government-owned and controlled corporations within the powers of Governance Commission for Government-Owned and Controlled Corporations. As such, Disc Contractors is bound by the issuance of Governance Commission for Government-Owned and Controlled Corporations, which did not recommend the disbursement of midyear bonus absent the prior approval of the President of the Philippines.[61] Clearly, the National Labor Relations Commission went beyond its jurisdiction when it awarded the midyear bonus; and the Court of Appeals was in grave error when it found that substantial evidence supported its ruling.

Disc Contractors further insists that no substantial evidence supports the findings that Villafuerte et al. are entitled to rice subsidy and health maintenance organizations benefits. It points out that the Certification it issued cannot be used as basis for the grant of the said benefits prior to May

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58 *Rollo* (G.R. Nos. 240462–63), pp. 22–23

59 RATIONALIZING THE GOVERNMENT CORPORATE SECTOR.

60 DIRECTING THE MEASURES TO EXPEDITE THE FINANCIAL REHABILITATION PROGRAM OF CONSTRUCTION AND DEVELOPMENT CORPORATION OF THE PHILIPPINES.

61 *Rollo* (G.R. Nos. 240462–63), pp. 26–29, 1237.

21, 2013 because the amounts paid, as reflected in the said Certification, pertain to the rice subsidy and health maintenance organizations benefits for the period covering May 21, 2013 until September 30, 2015 only. Absent any document or any agreement for the grant of these nonstatutory benefits prior to May 21, 2013, the same cannot be granted to them.[62]

The grant of attorney's fees likewise lacks factual and legal basis given no finding that it unlawfully withheld the wages of Villafuerte et al. or that it acted with malice in not paying their monetary claims.[63]

Villafuerte et al. counters that the Court of Appeals correctly ruled that Philippine National Construction Corporation, the parent company of Disc Corporation, is not a government-owned and controlled corporation, citing *Pasion, Cuenca v. Hon. Atas*,[64] and *PNCC v. Erece, Jr.* Being a wholly owned subsidiary of Philippine National Construction Corporation, Disc Corporation is also a private corporation like its parent company. As such, it could not invoke Republic Act No. 10149 to support its position that it is not obliged to give them their midyear bonus without the prior approval of the President since the said law applies only to government-owned and controlled corporation, which it is not. Having deliberately, continuously, and voluntarily granted and paid the annual midyear bonus to its employees for 14 years by virtue of board resolutions and memoranda duly passed by its Board of Directors, the same cannot be peremptorily withdrawn without violating Article 100 of the Labor Code. As Disc Contractors' regular employees, they insist that they are entitled to be paid this bonus from the time of their initial hiring until their separation in 2015.[65] The grant to them of rice subsidy, health maintenance organizations benefits, and attorney's fees are also legally justified.[66]

Issues

The pivotal issue for this Court's consideration is the entitlement of Villafuerte et al. to their monetary claims. Specifically, whether the Court of Appeals correctly found that the National Labor Relations Commission did not commit grave abuse of discretion when it ruled that Villafuerte et al. are:

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62 *Id.* at 30–31.
63 *Id.* at 31–33.
64 561 Phil. 186 (2007) [Per J. Velasco, Jr., Second Division].
65 *Rollo* (G.R. Nos. 240202–03), pp. 664–670.
66 *Id.* at 670, 677.

(a) not entitled to mid-year bonus when they were still engaged as project or contractual employees or the period covering the date they were initially hired until May 20, 2013;

(b) entitled to separation pay at the rate of one-half month pay for every year of their service from the date of their initial hiring until Disc Contractors ceased its operations on September 30, 2015;

(c) not entitled to vacation leave, sick leave, anniversary bonus, birthday leave, uniform allowance, moral damages, and exemplary damages;

(d) entitled to rice subsidy, health maintenance organizations benefits, and attorney's fees.

This Court's Ruling

The Petition is partially granted.

In a Petition for Review on *Certiorari* under Rule 45 where the Court of Appeals's disposition in a labor case is under review, it must be stressed that this Court's review is quite limited. In ruling for legal correctness, this Court has to examine the Court of Appeals decision from the prism of whether it correctly determined the presence or absence of grave abuse of discretion in the National Labor Relations Commission decision before it, and not whether the such decision on the merits of the case was correct.[67]

In *FF Cruz & Co., Inc. v. Galandez*,[68] this Court discussed that:

> "In labor disputes, grave abuse of discretion may be ascribed to the NLRC when, *inter alia*, its findings and the conclusions reached thereby are not supported by substantial evidence. This requirement of substantial evidence is clearly expressed in Section 5, Rule 133 of the Rules of Court which provides that '[i]n cases filed before administrative or quasi-judicial bodies, a fact may be deemed established if it is supported by substantial evidence, or that amount of relevant evidence which a reasonable mind might accept as adequate to justify a conclusion.'"[69]

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[67] *Azuelo v. Zameco II Electric Cooperative, Inc.*, 746 Phil. 154, 160–161 (2014) [Per J. Reyes, Third Division].

[68] G.R. No. 236496, July 8, 2019 [Per J. Perlas-Bernabe, Second Division].

[69] *Id.* at 107–108. (Citations omitted)

Thus, if the ruling of the National Labor Relations Commission has basis in the evidence and the applicable law and jurisprudence, then there could be no grave abuse of discretion, and the Court of Appeals should so declare and accordingly, dismiss the Petition.[70]

Guided by these considerations, this Court finds that the Court of Appeals erred in not ascribing grave abuse of discretion on the part of the National Labor Relations Commission when it ruled that Villafuerte et al. are: (a) entitled to: (1) midyear bonus and (2) separation pay equivalent to one-half month pay for every year of their service reckoned from the date of their initial hiring until September 30, 2015; and (b) not entitled to (1) vacation leave; (2) sick leave; (3) anniversary bonus; (4) birthday leave pay; and (5) uniform allowance. The National Labor Relations Commission ruling is not supported by the evidence proffered, the applicable laws and jurisprudence.

This Court elucidates.

Disc Contractors is a government-owned and controlled corporation and is governed by the provisions of Presidential Decree No. 1597 and Republic Act No. 10149

Both parties could not agree on the proper classification of Disc Contractors as a corporation. Villafuerte et al. claim that it is a private corporation, while Disc Contractors insists that it is a government-owned and controlled corporation. Being a wholly-owned subsidiary of Philippine National Construction Corporation, the status of Disc Contractors as a corporation is dependent upon its parent company. Thus, it becomes imperative to determine the kind of corporation that Philippine National Construction Corporation is.

In the recent case of *PNCC v. NLRC*,[71] this Court pronounced that Philippine National Construction Corporation is a nonchartered government-owned and controlled corporation. It held that:

> In ***Strategic Alliance v. Radstock Securities***, the Court pronounced with finality that PNCC is a GOCC, *viz.*:

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70 G.R. No. 233999, February 18, 2019 [Per J. Perlas-Bernabe, Second Division].
71 G.R. No. 248401, June 23, 2021 [Per J. Lazaro-Javier, Second Division].

> **The PNCC is not 'just like any other private corporation precisely because it is not a private corporation' but indisputably a government owned corporation.** Neither is PNCC **"an autonomous entity"** considering that PNCC is under the Department of Trade and Industry, over which the President exercises control. To claim that PNCC is an "autonomous entity" is to say that it is a lost command in the Executive branch, a concept that violates the President's constitutional power or control over the entire Executive branch of the government. (Emphasis supplied)

The Court emphasized that PNCC is 90.3% owned by the government and may not be considered an autonomous entity just because it got incorporated under the Corporation Code.

Additionally, Executive Order No. 331, series of 2004 has placed the PNCC under the Department of Trade and Industry (DTI), thus, confirming its character as a GOCC, *viz.*:

> **WHEREAS**, the Department of Trade and Industry (DTI) is the primary coordinative, promotive, facilitative and regulatory arm of the Executive Branch of government in the area of trade, industry and investment;
>
> **WHEREAS**, the Philippine National Construction Corporation (PNCC) holds the franchise to operate the North Luzon and South Luzon Expressways;
>
> **WHEREAS**, the development of expressways requires huge investments, and it is necessary to place the PNCC under the DTI;
>
> **WHEREAS**, the Government of the Republic of the Philippines and/or government financial institutions have majority ownership of the PNCC, which pursuant to *PNCC v. Pabion* (320 SCRA 188), may be considered as a government owned and/or controlled corporation;
>
> . . . .

Further, Section 6 of PD 1597 ordains that GOCCs are subject to such guidelines and policies as may be issued by the President governing position classifications, salary rates, levels of allowances, project and other honoraria, overtime rates, and other forms of compensation and fringe benefits. GOCCs organized under the Corporation Code like PNCC are not excluded from the coverage of PD 1597, thus:

> SECTION 6. *Exemptions from OCPC Rules and Regulations.* — Agencies positions, or groups of officials and employees of the national government, including government owned or controlled corporations, who are

> hereafter exempted by law from OCPC coverage, shall observe such guidelines and policies as may be issued by the President governing position classification, salary rates, levels of allowances, project and other honoraria, overtime rates, and other forms of compensation and fringe benefits. Exemptions notwithstanding, agencies shall report to the President, through the Budget Commission, on their position classification and compensation plans, policies, rates and other related details following such specifications as may be prescribed by the President.
>
> Verily, therefore, the status of PNCC as a GOCC should now be put to rest.[72]

Since Philippine National Construction Corporation is a government-owned and controlled corporation, it naturally follows that Disc Corporation, its wholly-owned subsidiary, is likewise a government-owned and controlled corporation.

As a government-owned and controlled corporation without original charter, Disc Contractors is governed by the Labor Code

As a government-owned and controlled corporation incorporated under the Corporation Code, there is no question that Disc Contractors is covered by the Labor Code.[73] However, *PNCC v. NLRC* cautions that although a nonchartered government-owned and controlled corporation is governed by the Labor Code, it is not exempt from the coverage of the National Position Classification and Compensation Plan approved by the President as well as the Compensation and Position Classification System pursuant to Republic Act No. 10149. In other words, its employees are without any right to negotiate the economic terms of their employment particularly their salaries, emoluments, incentives, allowances, and other benefits since these must conform to compensation and classification standards laid down by applicable laws.[74]

Disc Contractors is not liable to pay Villafuerte et al. mid-year bonus from the date of their initial hiring until their separation from the company

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72 *Id.*

73 *GSIS Family Bank Employees Union v. Villanueva*, G.R. No. 210773, January 23, 2019 [Per J. Leonen, Third Division].

74 *PNCC v. NLRC*, *supra* note 71.

In this case, the labor tribunals granted midyear bonus to Villafuerte et al. citing as reason Article 100 of the Labor Code, which precludes employers from unilaterally withdrawing benefits given to employees that have ripened into company practice by reason of the length of time said benefits have been given voluntarily and free from any condition. Finding that the grant thereof is supported by substantial evidence, the Court of Appeals affirmed the ruling.

In *PNCC v. NLRC*, this Court had the occasion to rule on the propriety of granting the 2013 midyear bonus to employees of Philippine National Construction Corporation. In that case, Philippine National Construction Corporation started giving midyear bonuses to its employees in 1992 pursuant to a Collective Bargaining Agreement. Even though the Collective Bargaining Agreement had long expired, the grant of midyear bonus to its employees continued until 2012. However, Philippine National Construction Corporation did not release to its employees their midyear bonus for the year 2013 upon the advice of the Governance Commission for Government-Owned and Controlled Corporations that such grant was legally infirm and its abrogation does not violate the nondiminution rule. When the case reached this Court, we ruled that:

> Consequently, therefore, PNCC did not violate the non-diminution rule when it desisted from granting mid-year bonus to its employees starting 2013. True, between 1992 and 2011, PNCC invariably granted this benefit to its employees and never before revoked this grant in strict adherence to the non-diminution rule under Article 100 of the Labor Code. Nonetheless, with the subsequent enactment of RA 10149 in 2011, PNCC may no longer grant this benefit without first securing the requisite authority from the President. As borne by the records, PNCC failed to obtain this authority in view of the position taken by the GCG not to forward the request to the President. GCG cited as reasons the infirmity of the grant and the extraneous application of the non-diminution rule thereto.[75]

Similarly, this Court must necessarily rule that Disc Contractors did not violate Article 100 of the Labor Code when it did not grant Villafuerte et al.'s midyear bonus for the years 2013 to 2015 as the same did not bear the approval of the President, a requisite imposed by Section 5[76] of Presidential

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[75] *Id.*

[76] Section 5. *Allowances, Honoraria, and Other Fringe Benefits.* Allowances, honoraria and other fringe benefits which may be granted to government employees, whether payable by their respective offices or by other agencies of government, shall be subject to the approval of the President upon recommendation of the Commissioner of the Budget. For this purpose, the Budget Commission shall review on a continuing basis and shall prepare, for the consideration and approval of the President, policies and levels of allowances and other fringe benefits applicable to government personnel, including honoraria or other forms of compensation for participation in projects which are authorized to pay additional compensation.

Decree No. 1597 as well as Section 10[77] of Republic Act No. 10149. It must be emphasized that as a government-owned and controlled corporation, Disc Contractors funds are considered public funds;[78] hence it is not at liberty to disburse such as it saw fit especially so when there are laws imposing specific requirements for its lawful spending.

In any event, it is clear from Villafuerte et al.'s own allegations as set forth in the Position Paper they filed before the labor arbiter that their Complaint for midyear bonus arose from the failure of the company to release the same starting 2013, *viz.*:

> 16. From 2013 up to the present time, [Disc Contractors] suddenly discontinued, eliminated and terminated unilaterally the granting of the annual Mid-Year Bonus to its employees. [Disc Contractors'] employees exercised extreme patience waiting for the release of the annual Mid-Year Bonus to them but to no avail considering that no release of the annual Mid-Year Bonus was made to the employees for the years 2013, 2014 and 2015.[79]

From their own allegations, it can be reasonably inferred that they already received their midyear bonus for the years prior to 2013, assuming that they are entitled to the same.

The separation pay covering the period Villafuerte et al. were initially hired until May 20, 2013 must be computed at the rate of one-half month pay for every year of their service

The status of Villafuerte et al. as regular employees of Disc Contractors is now beyond dispute inasmuch as the latter did not question the labor arbiter's ruling on that matter. As a consequence of their status as regular employees, Article 294 of the Labor Code accords them ample protection by providing that they shall not be terminated from employment except for a just or authorized cause. Article 294 states:

> Article 294. [279] *Security of Tenure.* — In cases of regular employment, the employer shall not terminate the services of an employee except for a just cause or when authorized by this Title. An employee who

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77 Section 10. Additional Incentives. — The GCG may recommend to the President, incentives for certain position titles in consideration of the good performance of the GOCC; Provided, That no incentives shall be granted unless the GOCC has fully paid all taxes for which it is liable, and the GOCC has declared and paid all the dividends required to be paid under its charter or any other laws.

78 See *Yap v. Commission on Audit*, 633 Phil. 174, 192 (2010) [Per J. Leonardo-De Castro, *En Banc*].

79 *Rollo* (G.R. Nos. 240202–03), pp. 73–74.

> is unjustly dismissed from work shall be entitled to reinstatement without loss of seniority rights and other privileges and to his full backwages, inclusive of allowances, and to his other benefits or their monetary equivalent computed from the time his compensation was withheld from him up to the time of his actual reinstatement.

Article 298 of the Labor Code recognizes cessation of business or operations by the employer as one of the authorized causes for termination of employment as long as the cessation is not made for the purpose of circumventing the employees' right to security of tenure.[80] The said article provides:

> Article 298 [283]. *Closure of Establishment and Reduction of Personnel.* — The employer may also terminate the employment of any employee due to the installation of labor-saving devices, redundancy, retrenchment to prevent losses or the closing or cessation of operation of the establishment or undertaking unless the closing is for the purpose of circumventing the provisions of this Title, by serving a written notice on the workers and the Ministry of Labor and Employment at least one (1) month before the intended date thereof. In case of termination due to installation of labor-saving devices or redundancy, the worker affected thereby shall be entitled to a separation pay equivalent to at least his one (1) month pay or at least one (1) month pay for every year of service, whichever is higher. In case of retrenchment to prevent losses and in cases of closures or cessation of operations of establishment or undertaking not due to serious business losses and in cases of closures or cessation of operations of establishment or undertaking not due to serious business losses or financial reverses, the separation pay shall be equivalent to one (1) month pay or at least one-half (1/2) month pay for every year of service, whichever is higher.

Following Article 298 above, Disc Contractors is obliged to give separation pay to its employees by reason of its closure at the rate of one-month pay or one-half month pay for every year of service, whichever is higher.

Here, the company paid Villafuerte et al. their separation pay at the rate of one-month pay for every year of their service commencing on May 21, 2013 until it stopped its operations on September 30, 2015.

When the labor arbiter ruled on the Complaint Villafuerte et al. filed, the former held that they are entitled to separation pay, but the same must be reckoned from the date of their initial hiring until September 30, 2015. The labor arbiter retained the computation at one-month pay for every year of

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[80] *Veterans Federation of the Philippines v. Montenejo*, 821 Phil. 783, 803 (2017) [Per J. Velasco, Jr., Third Division].

service. However, on appeal, the National Labor Relations Commission reduced the rate to one-half month pay for every year of their service, and deducted the amount of separation pay Villafuerte et al. already received. This was subsequently affirmed by the Court of Appeals.[81]

Villafuerte et al. questions the propriety of the reduction of their separation pay from 100% of their basic salary to 50%. According to them, the National Labor Relations Commission and the Court of Appeals erred in reducing their separation pay pursuant to Article 298 of the Labor Code because said provision merely provides the minimum rate of separation pay an employer is obliged to give its employees for the closure of its business, and does not in any way make it illegal for the employer to grant benefits that are more favorable and beneficial to its employees. However, they accede that the contractual completion bonus they already received upon the termination of their successive project/service/independent contracts may be reasonably credited and considered as partial payment of their separation pay differential.[82]

In granting Villafuerte et al. separation pay for the period covering May 21, 2013 to September 30, 2015 at one-month pay for every year of service, the records show that Disc Contractors did so without coercion and with full knowledge that it was giving more than that required by law.[83] Having done so on its volition, the Court of Appeals gravely erred when it allowed National Labor Relations Commission to supplant its desire to accord better benefits to its employees especially so when there is no law or rule that had been transgressed. As correctly pointed out by Villafuerte et al., Article 298 does not prohibit the employer from granting separation pay higher than the minimum required by law.

However, the same cannot be said of the separation pay these employees must be paid from the start of their employment until May 20, 2013. It must be taken into account that the grant of separation pay for this period was brought about by the decision of the labor arbiter—which was never questioned by Disc Contractors—that Villafuerte et al. must be regarded as Disc Contractors' regular employees due to the length of time they had been working for the company as well as the nature of work they do for it. As such, the Court of Appeals correctly affirmed the ruling of the National Labor Relations Commission which limited the computation of the separation pay for this period to 50% of their monthly salary as this is the rate imposed by Article 298. Disc Contractors is in no way bound, and it cannot be ordered, to

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81 *Rollo* (G.R. Nos. 240202-03), pp. 28-29.
82 *Id.* at 34-35.
83 *Id.* at 134, 148.

give the same at the rate of 100% of their monthly salary inasmuch as generosity cannot be compelled.

Since Villafuerte et al. recognize that the contractual completion bonus they already received to be the equivalent of separation pay, such amounts plus the separation pay they received for the period covering May 21, 2013 to September 30, 2015 must be deducted from the separation pay, if any, that they will still receive following the pronouncement in its recomputation as set forth above.

Villafuerte et al. are entitled to vacation and sick leave benefits from the time of their initial hiring until May 20, 2013

In upholding the National Labor Relations Commission decision not to award vacation leave and sick leave to Villafuerte et al., the Court of Appeals agreed with the National Labor Relations Commission that the individual Certificate of Benefits they were issued by Disc Contractors show that they already received the same. Villafuerte et al. disagree and counter that the vacation and sick leave pay they received only covers the period from May 21, 2013 to September 30, 2015 as can be gleaned from the upper right-hand corner of the document alluded to by the National Labor Relations Commission. However, they likewise contend that:

> The said Certification & Computation of Separation, Retrenchment, Terminal Benefits for [Villafuerte et al.] readily disclose that [they] were only paid service incentive leave pay of a maximum of 5 days for every year of service for the said period of so-called project/contract employment. Since [Villafuerte et al.] are deemed regular employees from the time they were initially hired as project/contractual employees until May 20, 2013, they are entitled as a matter of legal right to the regular 15 days vacation leave and 15 days sick leave benefits granted to regular employees.[84]

Article 95 of the Labor Code guarantees every employee, who has rendered at least 12 months of service and who does not enjoy vacation leave with pay of at least five days, a yearly service incentive leave of at least five days with pay. The article states:

> ARTICLE 95. *Right to Service Incentive Leave.* — (a) Every employee who has rendered at least one year of service shall be entitled to a yearly service incentive leave of five days with pay.

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[84] *Id.* at 42–43.

> (b) This provision shall not apply to those who are already enjoying the benefit herein provided, those enjoying vacation leave with pay of at least five days and those employed in establishments regularly employing less than ten employees or in establishments exempted from granting this benefit by the Secretary of Labor and Employment after considering the viability or financial condition of such establishment.
>
> (c) The grant of benefit in excess of that provided herein shall not be made a subject of arbitration or any court or administrative action.

The Labor Code does not mandate employers to separately grant sick leave benefits to its employees. It is enough that they comply with the provisions of Article 95. In which case, the sick leave pay may be deducted therefrom. However, the same article also recognizes the right of employers to grant additional leave benefits to its employees.

"It is a settled labor doctrine that in cases involving non-payment of monetary claims of employees, the employer has the burden of proving that the employees did receive their wages and benefits and that the same were paid in accordance with law."[85] This must necessarily be so given that employment records, pertinent personnel files, payrolls, remittances and other similar documents which will prove that overtime, differentials, service incentive leave, and other claims have been paid to the employee are solely within the custody and absolute control of the employer.[86]

To prove payment of Villafuerte et al.'s vacation and sick leave pay, Disc Contractors presented their individual Certification of Benefits as evidence. A scrutiny of these documents reveals that the same indeed only cover a two-year period as Villafuerte et al. claim. The upper right-hand corner of these certifications[87] identically read:

> Date Hired: 5/212013
> Date Separated: 9/30/2015
> Credit Years of Service: 2
> Nature of Separation: Cessation.

However, the certifications also show that for such period, Villafuerte et al. earned the following leave credits:

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85 *Asentista v. JUPP & Co., Inc.*, 824 Phil. 639, 647 (2018) [Per J. Reyes, Jr., Second Division]. (Citation omitted)

86 *Id.*

87 *Rollo* (G.R. No. 240462-63), pp. 217; 219; 221; 223; 225; 227-228; 230; 232; 234; 236.

Susan B. Villafuerte:

B. Earned/Unused leaves:

Vacation Leaves	25.250
Sick Leaves	26.250
Total	51.500

Daily Rate x No. of Days
928.13 x 51.500 P 47, 798.70[88]

Reggie Ley L. Dela Cruz:

B. Earned/Unused leaves:

Vacation Leaves	15.000
Sick Leaves	26.250
Total	41.250

Daily Rate x No. of Days
683.95 x 41.250 P 28, 212.94[89]

Cristian I. Perua:

B. Earned/Unused leaves:

Vacation Leaves	18.125
Sick Leaves	26.250
Total	44.375

Daily Rate x No. of Days
683.95 x 44.375 P 30, 350.28[90]

Aida S. Santos:

B. Earned/Unused leaves:

Vacation Leaves	2.625
Sick Leaves	25.000
Total	27.625

Daily Rate x No. of Days
807.05 x 27.625 P 22, 294.76[91]

Jocelyn D. Lino:

B. Earned/Unused leaves:

Vacation Leaves	6.750
Sick Leaves	26.250
Total	33.000

Daily Rate x No. of Days
579.62 x 33.000 P 19, 127.46[92]

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88 *Id.* at 217.
89 *Id.* at 219.
90 *Id.* at 221.
91 *Id.* at 223.
92 *Id.* at 225.

Larraine L. Abellar:

B. Earned/Unused leaves:

Vacation Leaves	19.250	
Sick Leaves	26.250	
Total	45.500	
Daily Rate x No. of Days		
928.13 x 45.500		P 42,229.92[93]

Elenita P. Eroy:

B. Earned/Unused leaves:

Vacation Leaves	21.500	
Sick Leaves	35.000	
Total	56.500	
Daily Rate x No. of Days		
1,067.34 x 56.500		P 60,304.71[94]

Dionisio C. Quino:

B. Earned/Unused leaves:

Vacation Leaves	20.125	
Sick Leaves	26.250	
Total	46.375	
Daily Rate x No. of Days		
807.05 x 46.375		P 37,426.94[95]

Antonio M. Cabrera:

B. Earned/Unused leaves:

Vacation Leaves	21.500	
Sick Leaves	26.250	
Total	47.750	
Daily Rate x No. of Days		
807.05 x 47.750		P 38,536.64[96]

George B. Purugganan:

B. Earned/Unused leaves:

Vacation Leaves	23.000	
Sick Leaves	25.000	
Total	48.000	
Daily Rate x No. of Days		
683.95 x 48.000		P 32,829.60[97]

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93 *Id.* at 227.
94 *Id.* at 228.
95 *Id.* at 230.
96 *Id.* at 232.
97 *Id.* at 234.

Arthur O. Pendilla:

B. Earned/Unused leaves:

Vacation Leaves	21.500	
Sick Leaves	26.250	
Total	47.750	
Daily Rate x	No. of Days	
1,338.91 x	47.750	P 63,932.95[98]

From the foregoing data, it can be reasonably inferred that Villafuerte et al. were given 15 days vacation leave and 15-days sick leave for every year of service from the time the company treated them as its probationary employees until they were regularized. Otherwise, they could not have earned that much leave credits if regular employees are only accorded the standard 5-days service incentive leave for every year of service. Besides, if Disc Contractors only gives 5-days service incentive leave to its regular employees, the "*sick leave*" portion of the certifications it issued to Villafuerte et al. for the period of May 21, 2013 to September 30, 2015 should have been left blank; and it should have been specified beside the "*vacation leaves*" portion that the leave credit earned is equivalent to service incentive leave just like in the certifications it issued to them when they were still regarded as project or contractual employees, *viz.*:

Villafuerte, Susan B.:

B. Earned/Unused leaves:

Vacation Leaves SIL	2.083	
Sick Leaves	0.000	
Total	2.083	
Daily Rate x	No. of Days	
781.14 x	2.083	P 1,627.11[99]

Lino, Jocelyn D.:

B. Earned/Unused leaves:

Vacation Leaves SIL	2.083	
Sick Leaves	0.000	
Total	2.083	
Daily Rate x	No. of Days	
466.25 x	2.083	P 971.00[100]

Dela Cruz, Reggie Ley L.:

B. Earned/Unused leaves:

Vacation Leaves SIL	0.833	

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98 *Id.* at 236.
99 *Id.* at 643.
100 *Id.* at 649.

Sick Leaves		0.000	
Total		0.833	
Daily Rate	x	No. of Days	
482.09	x	0.833	P 401.58[101]

Purua, Cristian I.:

B. Earned/Unused leaves:

Vacation Leaves	SIL	2.083	
Sick Leaves		0.000	
Total		2.083	
Daily Rate	x	No. of Days	
426.03	x	2.083	P 887.42[102]

Pendilla, Arthur O.:

B. Earned/Unused leaves:

Vacation Leaves	SIL	2.083	
Sick Leaves		0.000	
Total		2.083	
Daily Rate	x	No. of Days	
712.12	x	2.083	P 1,483.35[103]

Cabrera, Antonio M.:

B. Earned/Unused leaves:

Vacation Leaves	SIL	2.083	
Sick Leaves		0.000	
Total		2.083	
Daily Rate	x	No. of Days	
668.65	x	2.083	P 1,392.80[104]

Quino, Dionisio C.:

B. Earned/Unused leaves:

Vacation Leaves	SIL	2.083	
Sick Leaves		0.000	
Total		2.083	
Daily Rate	x	No. of Days	
649.75	x	2.083	P 1,353.43[105]

Purugganan, George B.:

B. Earned/Unused leaves:

Vacation Leaves	SIL	2.083
Sick Leaves		0.000
Total		2.083

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101 *Id.* at 653.
102 *Id.* at 658.
103 *Id.* at 662.
104 *Id.* at 667.
105 *Id.* at 670.

Daily Rate	x	No. of Days	
443.75	x	2.083	P 924.33[106]

Eroy, Elenita P.:

B. Earned/Unused leaves:

Vacation Leaves	SIL	3.750
Sick Leaves		0.000
Total		3.750

Daily Rate	x	No. of Days	
386.73	x	3.750	P [1,450.23][107]

Since subject employees are deemed regular employees of Disc Contractors, the latter is liable to pay their unpaid 15 days vacation leave and 15 days sick leave computed from the day they were first hired until May 20, 2013, the company having paid only such benefits from May 21, 2013 until its closure on September 30, 2015. Any amount received by them covering the period of their initial hiring until May 20, 2013 by way of service incentive leave must be deducted from their respective vacation leave and sick leave pay differentials.

Villafuerte et al. are entitled to anniversary bonus, birthday leave, uniform allowance, rice subsidy and health maintenance organizations benefits

In deleting the anniversary bonus, birthday leave pay, and uniform allowance awarded to Villafuerte et al., the Court of Appeals agreed with the National Labor Relations Commission that they failed to show that they are qualified to receive the same. In retaining the award for health maintenance organizations benefits and rice subsidy in favor of Villafuerte et al., the Court of Appeals likewise agreed with the National Labor Relations Commission that the Certification of Benefits presented sufficiently proves Villafuerte et al.'s entitlement thereto.

Disc Contractors insists that the Court of Appeals and National Labor Relations Commission correctly deleted the awards for anniversary bonus, birthday leave pay, and uniform allowance given that Villafuerte et al. failed to prove the existence of a contractual agreement between them for the grant of the same. However, it has a different stance as regards the grant of rice subsidy and health maintenance organizations benefits to these employees.

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[106] *Id.* at 674.
[107] *Id.* at 824.

According to the company, the Court of Appeals and National Labor Relations Commission erred in using the Certification of Benefits as its basis for granting rice subsidy and health maintenance organizations benefits for the period prior to May 21, 2013 because the document merely enumerated the benefits they can claim for the period covering May 21, 2013 to September 20, 2015, and not before this period.

It is not lost on this Court that at the outset, Disc Contractors' main argument in claiming that Villafuerte et al. are not entitled to these benefits is that such benefits are reserved only for regular employees. It made its position clear on this matter in its Supplemental Position Paper.[108] However, when the labor arbiter ruled that they are regular employees and are therefore entitled to all the benefits enjoyed by the other regular employees of Disc Contractors, which includes the benefits being claimed by them, Disc Contractors changed tack and now claims they cannot be granted these benefits because they have not proven their entitlement thereto. This Court cannot allow this.

> It is a settled rule that a party cannot change his theory of the case or his cause of action on appeal. Points of law, theories, issues and arguments not brought to the attention of the lower court will not be considered by the reviewing court. The defenses not pleaded in the answer cannot, on appeal, change fundamentally the nature of the issue in the case. To do so would be unfair to the adverse party, who had no opportunity to present evidence in connection with the new theory; this would offend the basic rules of due process and fair play.[109]

It is worth noting that Section 4,[110] Rule 129 of the Rules of Court, which supplements the National Labor Relations Commission Rules of Procedure,[111] provides that judicial admission made by a party in the course of the proceedings in the same case need no proof with respect to the matter or fact admitted; and the same may be contradicted only by showing that it was made through palpable mistake or that no such admission was made.

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108 *Id.* at 149, 158.

109 *Jose v. Alfuerto*, 699 Phil. 307 (2012) [Per J. Brion, Second Division]. (Citations omitted)

110 SECTION 4. *Judicial admissions.* — An admission, verbal or written, made by a party in the course of the proceedings in the same case, does not require proof. The admission may be contradicted only by showing that it was made through palpable mistake or that no such admission was made.

111 Section 3 of The 2011 NLRC Rules of Procedure provides:
SECTION 3. *Suppletory Application of the Rules of Court.* — In the absence the absence of any applicable provision in these Rules, and in order to effectuate the objectives of the Labor Code, the pertinent provisions of the Rules of Court of the Philippines may, in the interest of expeditious dispensation of labor justice and whenever practicable and convenient, be applied by analogy or in a suppletory character and effect.

In *Gonzales-Saldana v. Spouses Niamatali*,[112] this Court held:

> A party who judicially admits a fact cannot later challenge [the] fact as judicial admissions are a waiver of proof; production of evidence is dispensed with. A judicial admission also removes an admitted fact from the field of controversy. Consequently, an admission made in the pleadings cannot be controverted by the party making such admission and is (sic) cannot be controverted by the party making such admission and is conclusive as to such party, and all proofs to the contrary or inconsistent therewith should be ignored, whether objection is interposed by the party or not. The allegations, statements or admissions contained in a pleading are conclusive as against the pleader. A party cannot subsequently take a position contrary to or inconsistent with what was pleaded.[113]

Having made such statement in its Supplemental Position Paper, Disc Contractors cannot be allowed to take a stand contrary to what it had pleaded for the same are considered judicial admissions, not needing any proof, and are conclusive against the pleader. As such, it was grave error for the Court of Appeals and the National Labor Relations Commission to still require Villafuerte et al. to present evidence to prove their entitlement to anniversary bonus, birthday leave pay, and uniform allowance as these benefits automatically vested upon them when they were pronounced as regular employees of Disc Contractors without the need of any proof by virtue of statement made by the company. Corollarily, the Court of Appeals ruled correctly when it found the ruling of the National Labor Relations Commission to grant health maintenance organizations benefits and rice subsidy to Villafuerte et al. supported by substantial evidence. To repeat, Disc Contractors' own declaration that regular employees are entitled to health maintenance organizations benefits and rice subsidy provides sufficient basis for the grant.

Villafuerte et al. are entitled to attorney's fees but not to moral damages and exemplary damages.

To be entitled to moral damages, it must be shown that the employer acted (a) in bad faith or fraudulently; (b) in a manner oppressive to labor; or (c) in a manner contrary to morals, good customs, or public policy.[114]

On the other hand, exemplary damages are imposed by way of example or correction for the public good. It is designed by the civil law to permit the

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[112] 843 Phil. 787 (2018) [Per J. Reyes, Jr., Third Division].
[113] *Id.* at 488.
[114] *Montinola v. Philippine Airlines*, 742 Phil. 487, 505 (2014) [Per J. Leonen, Second Division].

courts to reshape behavior that is socially deleterious in its consequence by creating a deterrent against said behavior.[115]

Apart from their allegation that Disc Contractors acted in wanton, oppressive, malevolent, and abusive conduct in withholding their rightful benefits, Villafuerte et al. presented no substantial evidence to prove their contention. Indeed, the labor arbiter ruled that they should be considered as regular employees of the company by reason of the successive renewal of their contracts as well as the nature of their work. As a necessary consequence, the benefits they received then are found deficient by the labor tribunals as they must now be at par with the benefits granted to regular employees. However, that in itself does not prove bad faith or malice, or that the employer acted in an oppressive manner requiring correction for the public good. Thus, the Court of Appeals acted correctly when it affirmed the National Labor Relations Commission ruling, which deleted the awards for moral and exemplary damages as the same lacked basis.

Be that as it may, the withholding of Villafuerte et al.'s monetary claims entitles them to an award of attorney's fees. The general rule that attorney's fees may only be awarded upon proof of bad faith takes a different turn when it comes to labor cases. The settled rule in labor law is that the withholding of wages need not be coupled with malice or bad faith to justify the grant of attorney's fees under Article 111 of the Labor Code. All that is required is that the lawful wages were not paid without justification thereby compelling the employee to litigate.[116]

Villafuerte et al.'s monetary claims are subject to the prescriptive periods provided in Article 306 of the Labor Code and Article 1146 of the Civil Code

Regarding the money claims, this Court rules that Villafuerte et al. are entitled to, this Court recognizes that Article 306[117] of the Labor Code sets a three-year prescriptive period—counted from the time cause of action accrued—for all money claims arising from employer-employee relations.

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115 *Id.*

116 *Alva v. High Capacity Security Force, Inc.*, 820 Phil. 677, 689 (2017) [Per J. Reyes, Jr., Second Division]. (Citation omitted)

117 ARTICLE 306. [291] Money Claims. — All money claims arising from employer-employee relations accruing during the effectivity of this Code shall be filed within three (3) years from the time the cause of action accrued; otherwise they shall be forever barred.

The provision, however, does not cover claims for damages arising from the withholding of employment benefits. For claims for attorney's fees, the four-year prescriptive period under Article 1146[118] of the Civil Code will apply since the claim is premised on an injury to the rights of a person to be accorded his rightful benefits. Thus:[119]

> It is settled jurisprudence that a cause of action has three elements, to wit, (1) a right in favor of the plaintiff by whatever means and under whatever law it arises or is created; (2) an obligation on the part of the named defendant to respect or not to violate such right; and (3) an act or omission on the part of such defendant violative of the right of the plaintiff or constituting a breach of the obligation of the defendant to the plaintiff.[120] (Citations omitted)

To properly construe the three-year prescriptive period provided in Article 306 of the Labor Code, it is essential that a determination be made as to the period when the act constituting a violation of the workers' right to the benefits being claimed was committed.[121]

In cases of nonpayment of allowances and other monetary benefits, once it is established that the benefits being claimed had been withheld by the employer from the employee for a period longer than three years, the amount pertaining to the period beyond the three-year prescriptive period shall be barred by prescription; and the amount that can only be demanded by the employee shall be limited to the amount of benefits withheld within three years from the filing of the complaint.[122]

As regards the separation pay being claimed by Villafuerte et al., their cause of action accrues from the time Disc Contractor failed to pay their separation pay when they were separated therefrom by reason of its closure. It is from this date that the three-year prescriptive period is reckoned. Since Villafuerte et al. filed their claim for separation pay on October 27, 2015, just a month from their separation from the company, their right to claim said benefit has not yet prescribed.[123]

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[118] ARTICLE 1146. The following acts should be instituted within four years:
(1) Upon an injury to the rights of a plaintiff;
(2) Upon a quasi-delict[.]

[119] See *Arriola v. Pilipino Star Ngayon, Inc.*, 741 Phil. 171, 182 (2014) [Per J. Leonen, Third Division].

[120] *Baliwag Transit, Inc. v. Hon. Ople*, 253 Phil. 243, 251 (1989) [Per J. Cruz, First Division].

[121] *Auto Bus Transport Systems Inc. v. Bautista*, 497 Phil. 863, 875–876 (2005) [Per J. Chico-Nazario, Second Division]. (Citations omitted)

[122] *Id.*

[123] See *De Guzman v. Court of Appeals*, 358 Phil. 397, 409 (1998) [Per J. Panganiban, First Division].

With respect to their vacation and sick leave benefits, the same may be likened to service incentive leave in that an employee has the option to either use such leave credits or commute it to its monetary equivalent if not exhausted at the end of the year. The employee who does not use or commute the same at yearend is also entitled upon his or her separation or resignation from employment to the commutation of his or her accumulated vacation and sick leaves.[124]

Applied here, the cause of action of Villafuerte et al. to claim their vacation leave and sick leave accrued from the moment Disc Contractors refused to pay their correct leave benefits when they were separated therefrom, for it is at this time that their right to monetize their accumulated vacation and sick leaves set in.

This Court is aware that Villafuerte et al. were previously given their service incentive leave covering the period when they were first hired until May 20, 2013, when they were separated from employment by reason of the end of their individual contracts. However, as discussed above, Villafuerte et al. are deemed regular employees of the company, as such they are also entitled to the higher leave benefits being enjoyed by the regular employees of Disc Contractors. The leave benefits they should have been entitled to but was withheld from them could not have been used by them as leave days or commuted to its money value. Also, by virtue of such pronouncement, their employment with Disc Contractors is never deemed to have any gap or to have been terminated on May 20, 2013, but continued on until it ceased its operations on September 30, 2015. Consequently, the three-year prescriptive period commences from the time Disc Contractors refused to pay the monetary equivalent of their accumulated vacation and sick leaves upon the cessation of its operations.[125] Since Villafuerte et al. filed their claim for such benefits only one month after the company ceased its operations, the same is certainly not barred by prescription.

As for the anniversary bonus, birthday leave, uniform allowance, health maintenance organizations benefits, and rice subsidy, Villafuerte et al. are awarded, since these benefits are due and demandable on each and every year of service, the three-year prescriptive period commences at the end of the year. Since they filed their claim for these benefits only on October 27, 2015, they are only entitled to such benefits for the years 2013 to 2015, as the benefits for the years prior to 2013 are already barred by the three-year prescriptive

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[124] *Supra* note 121.
[125] *Id.*

period.

As regards the award for damages, the four-year prescriptive period is counted from the unlawful withholding of their benefits since this is the time when Villafuerte et al. may be said to suffer an injury. Since their claim for attorney's fees was filed also on October 27, 2015, the same is well within the four-year prescriptive period.

ACCORDINGLY, this Court resolves to **PARTIALLY GRANT** the Petitions in G.R. Nos. 240202-03 and 240462-63. The December 28, 2017 Decision and the June 27, 2018 Resolution of the Court of Appeals in CA-G.R. SP Nos. 148641 and 148711 are **AFFIRMED WITH MODIFICATION**, as follows:

A. The midyear bonus awarded to Susan B. Villafuerte, Elenita P. Eroy, Larraine L. Abellar, Aida S. Santos, Jocelyn D. Lino, Reggie Ley L. Dela Cruz, Cristian I. Perua, Arthur O. Pendilla, Antonio M. Cabrera, Dionisio C. Quino and George B. Purugganan from 2013 until 2015 is deleted;

B. Disc Contractors, Builders and General Services, Inc. is directed to pay Susan B. Villafuerte, Elenita P. Eroy, Larraine L. Abellar, Aida S. Santos, Jocelyn D. Lino, Reggie Ley L. Dela Cruz, Cristian I. Perua, Arthur O. Pendilla, Antonio M. Cabrera, Dionisio C. Quino and George B. Purugganan the following:

(1) Separation pay computed at the rate of (a) one-half month pay for every year of their service reckoned from the date they were initially hired until May 20, 2013; (b) one month pay for every year of their service reckoned from May 21, 2013 until it ceased its operations on September 30, 2015. The amount of separation pay Susan B. Villafuerte, Elenita P. Eroy, Larraine L. Abellar, Aida S. Santos, Jocelyn D. Lino, Reggie Ley L. Dela Cruz, Cristian I. Perua, Arthur O. Pendilla, Antonio M. Cabrera, Dionisio C. Quino and George B. Purugganan already received covering the period of May 21, 2013 until September 30, 2015, as well as the amount they received by way of contractual completion bonus, shall be deducted therefrom;

(2) Fifteen days vacation leave and 15 days sick leave pay reckoned from the date they were initially hired until Disc Contractors, Builders and General Services, Inc. ceased its operations on September 30, 2015. The amounts Susan B. Villafuerte, Elenita P. Eroy, Larraine L. Abellar, Aida S. Santos, Jocelyn D. Lino, Reggie Ley L. Dela Cruz, Cristian I. Perua, Arthur O. Pendilla, Antonio M. Cabrera, Dionisio C. Quino and George B. Purugganan already received by way of vacation leave pay and sick leave pay for the period covering May 21, 2013 until September 30, 2015, and service incentive leave when they were regarded as project or contractual employees shall be deducted therefrom;

(3) Anniversary bonus, birthday leave pay, uniform allowance, health maintenance organizations benefits, and rice subsidy for the years 2013 to 2015;

(4) Legal interest of six percent (6%) per annum of the total monetary awards computed from the finality of this Decision until their full satisfaction.

The labor arbiter is hereby **ORDERED** to make a recomputation of such money claims according to the above directives.

SO ORDERED.

JHOSEP Y. LOPEZ
Associate Justice

WE CONCUR:

MARVIC MARIO VICTOR F. LEONEN
Senior Associate Justice
Chairperson

AMY C. LAZARO-JAVIER
Associate Justice

MARIO V. LOPEZ
Associate Justice

ANTONIO T. KHO, JR.
Associate Justice

ATTESTATION

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

MARVIC MARIO VICTOR F. LEONEN
Senior Associate Justice
Chairperson, Second Division

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