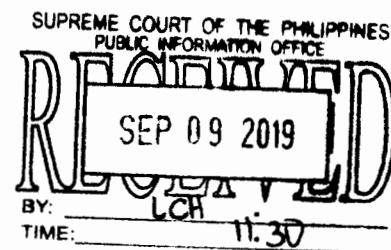




Republic of the Philippines
Supreme Court
Manila



FIRST DIVISION

REY BEN P. MADRIO,

G.R. No. 241445

Petitioner,

Present:

- versus -

ATLAS
CORPORATION,

FERTILIZER

Respondent.

BERSAMIN, C.J., Chairperson,
PERLAS-BERNABE,
JARDELEZA,
GISMUNDO, and
CARANDANG, JJ.

Promulgated:

AUG 14 2019

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DECISION

PERLAS-BERNABE, J.:

Assailed in this petition for review on *certiorari*¹ are the Decision² dated June 20, 2018 of the Court of Appeals (CA) in CA-G.R. SP No. 08194-MIN which partially set aside the Decision³ dated January 31, 2017 and the Resolution⁴ dated April 28, 2017 of the National Labor Relations Commission (NLRC) in NLRC No. MAC-10-014668-2016 granting, among others, in favor of petitioner Rey Ben P. Madrio (petitioner) the amount of ₱84,150.00 representing separation benefits pursuant to respondent Atlas Fertilizer Corporation's (AFC) retirement/separation policy.

¹ Rollo, pp. 14-30.

² Id. at 36-42. Penned by Associate Justice Ruben Reynaldo G. Roxas with Associate Justices Edgardo T. Lloren and Walter S. Ong, concurring.

³ Id. at 174-185. Signed by Presiding Commissioner Bario-Rod M. Talon with Commissioners Proculo T. Sarmen and Elbert C. Restauero, concurring.

⁴ CA rollo, pp. 39-42.

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The Facts

Petitioner was formerly the Area Sales Manager of AFC from May 1, 2008 until he tendered his resignation in November 2015,⁵ which, however, was not shown to have been approved by the company. At that time, he also requested for the payment of several monetary benefits,⁶ but the same remained unheeded.

Feeling aggrieved, petitioner, on January 5, 2016, filed a complaint⁷ against AFC for the payment of several monetary benefits. Among others, petitioner claimed⁸ that he was entitled to separation benefits in the amount of ₱158,400.00⁹ pursuant to AFC's retirement/separation policy. As proof, petitioner attached an **unsigned and unauthenticated typewritten copy of the Retirement Plan**¹⁰ and Policy on Separation from Employment¹¹ to his position paper, as well as copies of his pay slips¹² to show his monthly pay.¹³

For its part,¹⁴ AFC categorically denied that the Retirement Plan is the retirement/separation policy it had for its employees.¹⁵ In any event, it argued that it would be unreasonable for it to pay separation benefits to an employee who was solely responsible in causing the company a whopping financial loss of ₱43,023,550.21¹⁶ attributed to his gross negligence in the handling of uncollected receivables from Richfield Agri-Supply (RAS). In this regard, AFC averred that the disciplinary proceeding for petitioner's gross negligence was only deferred out of humane considerations and in light of petitioner's years of service. It further stressed that petitioner was given the chance to redeem himself by assisting AFC to recover said amount from the defaulting customer, *i.e.*, RAS, but he just unceremoniously left the company without obtaining any clearance or permission from the management.¹⁷

The LA Ruling

In a Decision¹⁸ dated August 26, 2016, the LA ruled in favor of petitioner, and accordingly, ordered AFC to pay him the total amount of

⁵ See *rollo*, pp. 37, 115, and 174-175.

⁶ Id. at 74.

⁷ Id. at 76.

⁸ See Position Paper dated June 14, 2016; id. at 48-56.

⁹ Computed as 8 years of service multiplied by 50% of ₱39,600.00 (see id. at 52). However, it is incorrectly stated as "₱158,000.00" in some parts of the record.

¹⁰ See AFC Fertilizer and Chemicals, Inc. Retirement Plan; id. at 60-67.

¹¹ Id. at 68.

¹² Id. at 78.

¹³ See id. at 37-38 and 116-117.

¹⁴ See Position Paper dated May 23, 2016; id. at 79-89.

¹⁵ See id. at 38 and 130.

¹⁶ See id. at 80 and 98-104.

¹⁷ See id. at 82-88.

¹⁸ Id. at 115-122. Signed by Executive Labor Arbiter Rammex C. Tiglao.

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₱273,200.00 representing his monetary claims, inclusive of separation benefits in the amount of ₱158,400.00. AFC was likewise ordered to issue petitioner's Certificate of Employment.¹⁹

The LA held that petitioner's entitlement to separation benefits, among others, was already admitted by AFC itself as evinced by the tenor of its **March 20, 2016 reply-letter** received during conciliation proceedings. Considering that AFC introduced the reply-letter as its own evidence, and without qualification, it was estopped from assailing the contents thereof.²⁰ In this relation, the LA further pointed out that AFC, as the employer, had complete control over all the records of its employees. As such, it had the burden to prove payment or settlement when there was an allegation of non-payment of monetary claims. However, since AFC failed to do so, the claims are deemed admitted.²¹

Dissatisfied, AFC appealed²² to the NLRC.

Among others, AFC argued that the LA's award of separation benefits was unwarranted as nothing in the March 20, 2016 reply-letter could be construed as automatically warranting petitioner's entitlement to the same. All it indicated was that petitioner's possible benefits were being processed. AFC also reiterated its objection to the admissibility of the unsigned and unauthenticated Retirement Plan submitted by petitioner. Moreover, even assuming the admissibility of the same, petitioner was still not entitled to separation pay since he did not meet the minimum age requirement and had a derogatory record, *i.e.*, the ₱43,023,550.21 loss that the company incurred for his gross negligence.²³

The NLRC Ruling

In a Decision²⁴ dated January 31, 2017, the NLRC affirmed with modification the LA's ruling by reducing the amount of the separation benefits from ₱158,400.00 to ₱84,150.00, among others.²⁵

The NLRC held that contrary to AFC's arguments, it already tacitly admitted petitioner's entitlement to separation benefits based on its March 20, 2016 reply-letter received during conciliation.²⁶ Furthermore, while petitioner was not eligible for normal or optional retirement benefits, he was entitled to separation benefits under Section 4, Article IV of the Retirement

¹⁹ Id. at 122.

²⁰ See id. at 118-119.

²¹ See id. at 121.

²² See Memorandum on Appeal dated October 5, 2016; id. at 123-143.

²³ See id. at 130-132.

²⁴ Id. at 174-185.

²⁵ Id. at 185.

²⁶ Id. at 109 and 181.

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Plan which covers an employee who “voluntarily resigns from the Company without any derogatory record[.]”²⁷ However, the amount should be corrected to reflect the correct monthly salary exclusive of overtime pay, commissions, per diems, and other special remuneration, pursuant to the said Plan.²⁸

Aggrieved, AFC sought partial reconsideration²⁹ which the NLRC denied in a Resolution³⁰ dated April 28, 2017. Thus, it filed a petition for *certiorari*³¹ before the CA, raising only the twin issues of whether or not the NLRC committed grave abuse of discretion in admitting the unsigned and unauthenticated Retirement Plan, and declaring that petitioner was not disqualified from receiving his separation benefits.³²

The CA Ruling

In a Decision³³ dated June 20, 2018, the CA partially set aside the NLRC ruling insofar as the award of separation benefits to petitioner was concerned.³⁴

According to the CA, the NLRC erred in considering the Retirement Plan as evidence to support petitioner’s claim for separation benefits. Being unsigned and unauthenticated, there was no way to verify the truth of its contents, and thus, it should have been rejected as evidence. In this regard, the CA held that while the NLRC is not bound by technical rules of procedure, the evidence presented must at least have a modicum of admissibility for it to have probative value, which was not the case here.³⁵ Consequently, it ruled that petitioner was not entitled to separation benefits under AFC’s Retirement Plan given that there was no substantial evidence to prove the same.³⁶

Hence, the instant petition.

The Issue Before the Court

The essential issue for the Court’s resolution is whether or not the NLRC gravely abused its discretion when it admitted the Retirement Plan as

²⁷ Id. at 62 and 181.

²⁸ See id. at 182.

²⁹ See Motion for Partial Reconsideration dated March 1, 2017; id. at 186-192.

³⁰ CA *rollo*, pp. 39-42.

³¹ Dated July 20, 2017. *Rollo*, pp. 193-214.

³² Id. at 201.

³³ Id. at 36-42.

³⁴ Id. at 42.

³⁵ See id. at 40-41.

³⁶ See id. at 41.

evidence, and consequently, granted the award of separation benefits in favor of petitioner.

The Court's Ruling

At the outset, the Court stresses that in a Rule 45 review of labor cases, the Court only examines the correctness of the CA's decision in contrast with the review of jurisdictional errors under Rule 65.³⁷ "In ruling for legal correctness, the Court views the CA decision in the same context that the petition for *certiorari* was presented to the CA. Hence, the Court has to examine the CA Decision from the prism of whether the CA correctly determined the presence or absence of grave abuse of discretion in the NLRC Decision."³⁸

For decisions of the NLRC, there is grave abuse of discretion "when its findings and conclusions are not supported by substantial evidence, which refers to that amount of relevant evidence that a reasonable mind might accept as adequate to justify a conclusion. Thus, if the NLRC's ruling has basis in the evidence and the applicable law and jurisprudence, then no grave abuse of discretion exists and the CA should so declare and accordingly, dismiss the petition."³⁹

In holding that the NLRC committed grave abuse of discretion, the CA found that it erroneously considered in evidence the unsigned and unauthenticated Retirement Plan for petitioner's claim of separation benefits. Considering that the said document should not have been admitted, the CA set aside the NLRC's award of separation benefits.⁴⁰

The Court agrees with the result reached by the CA.

It is well-settled that administrative and quasi-judicial bodies, like the NLRC, are not bound by the technical rules of procedure in the adjudication of cases.⁴¹ However, when it comes to admitting documents as evidence in labor cases, it is nonetheless required that there be some proof of authenticity or reliability as condition for the admission of documents.⁴² In *IBM Philippines, Inc. v. NLRC*,⁴³ which was cited by the CA, the Court held that:

³⁷ See *Aluag v. BIR Multi-Purpose Cooperative*, G.R. No. 228449, December 6, 2017, 848 SCRA 284, 296; *Sutherland Global Services (Philippines), Inc. v. Labrador*, 730 Phil. 295, 304 (2014); and *Montoya v. Transmed Manila Corporation*, 613 Phil. 696, 707 (2009).

³⁸ See *Telephilippines, Inc. v. Jacolbe*, G.R. No. 233999, February 18, 2019.

³⁹ *Id.*; underscoring supplied.

⁴⁰ See *rollo*, pp. 40-41.

⁴¹ *Uichico v. NLRC*, G.R. No. 121434, June 2, 1997, 273 SCRA 35, 44.

⁴² *IBM Philippines, Inc. v. NLRC*, 365 Phil. 137, 148 (1999).

⁴³ *Id.*

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The computer print-outs, which constitute the only evidence of petitioners, afford no assurance of their authenticity because they are unsigned. The decisions of this Court, while adhering to a liberal view in the conduct of proceedings before administrative agencies, have nonetheless **consistently required some proof of authenticity or reliability as condition for the admission of documents.**⁴⁴

Contrary to the CA’s holding, the circumstances of this case show that there is actually *some proof of authenticity or reliability* that the copy of the Retirement Plan attached to petitioner’s position paper reflects AFC’s retirement/separation policy. This is because: (a) AFC never denied having an existing company policy wherein separation benefits are given to its qualified employees; (b) AFC, which is presumed to have custody of the relevant documents covering its company policies, never submitted the “true” copy of its Retirement Plan despite being given the opportunity to do so; and (c) as petitioner pointed out, the “eight (8)-page [copy of the Retirement Plan] is too technical, verbose and comprehensive to be simply attributed as a fake.”⁴⁵ Hence, these circumstances lend “some proof of authenticity or reliability” to the document presented by petitioner, and as such, the NLRC did not err in lending credence to the same.

Nevertheless, this does not mean that petitioner is automatically entitled to the claimed separation benefits. Proving the existence of AFC’s retirement/separation policy, as well as its pertinent terms and conditions, is separate and distinct matter from proving the fact that these terms and conditions have been complied with.

To be sure, the separation benefits under the AFC’s company policy is not the separation pay contemplated under the labor code,⁴⁶ but rather, a special benefit given by the company only to upstanding employees who have satisfied the following conditions:

- 1. The employee must voluntarily resign from the company;
- 2. **The employee must not have a derogatory record;** and
- 3. The employee must meet the minimum number of years in his credited service.⁴⁷

⁴⁴ Id. at 148; emphasis and underscoring supplied.
⁴⁵ *Rollo*, p. 24.
⁴⁶ See *Security Bank Savings Corporation v. Singson*, 780 Phil. 860, 872-873 (2016).
⁴⁷ See Section 4, Article IV of AFC’s Retirement Benefit Plan (*rollo*, p. 62) which provides:
Section 4 – Amount of Benefits
x x x x
In the event that an employee voluntarily resigns from the Company without any derogatory record, he shall be accorded a separation pay in accordance with [his] Credited Service with the Company as follows:

Credited Service	Percentage of One Month Salary for every year of Credited Service
5-9 years	50.00%

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In light of these special conditions, it is fairly apparent that the separation benefits under the Retirement Plan are not in the nature of benefits incurred in the normal course of AFC’s business, such as salary differentials, service incentive leave pay, or holiday pay.⁴⁸ As such, the burden is on the **employee** to prove his entitlement thereto;⁴⁹ failing in which, the latter should not be paid the same.

In this case, petitioner only submitted a copy of the Retirement Plan as proof of his entitlement to the separation benefits claimed. However, by and of itself, the said document only proves what the retirement/separation policy of AFC is. It does not, in any way, demonstrate that the conditions for entitlement had already been met by the employee.

Most glaring of all is the failure of petitioner to at least, *prima facie* show that he had no derogatory record before voluntarily resigning from the company. As indicated in AFC’s March 20, 2016 reply-letter, AFC was still dealing with the ₱43,023,550.21 financial loss from the RAS account based on petitioner’s alleged gross negligence at the time he abruptly “resigned” from the company.⁵⁰ While the records do not show that petitioner was disciplined for such infraction, AFC claims that “[d]ue to [petitioner’s] unceremonious resignation, [it] was no longer able to conduct disciplinary proceedings and/or administrative hearings in relation to [petitioner’s] non-feasance. It might even [be] safe to say that [petitioner] resigned just to preempt [AFC] from instituting disciplinary proceedings against him.”⁵¹ As such, it cannot be said that petitioner has no derogatory record with the company. Hence, unless proven otherwise, petitioner is not qualified to claim separation benefits from AFC.

Moreover, petitioner’s claim for separation benefits appears to be premature. It is undisputed that petitioner left the company while his separation benefits were still being processed and yet to be approved by the Retirement Committee⁵² pursuant to the “company’s normal operating procedure.”⁵³ This is clear from the March 20, 2016 reply-letter which – contrary to the findings of the labor tribunals – was not an admission of liability but, quite the contrary, an assertion that petitioner’s claim for separation benefits was still subject to a contingency, *i.e.*, the approval by the Retirement Committee, *viz.*:

10-14 years	62.50%
15-19 years	75.00%

⁴⁸ See *Loon v. Power Master, Inc.*, 723 Phil. 515, 532 (2013).
⁴⁹ See *Robina Farms Cebu v. Villa*, 784 Phil. 636, 651 (2016).
⁵⁰ See *rollo*, pp. 107-108.
⁵¹ *Id.* at 208.
⁵² See Sections 1 and 2, Article XI of AFC’s Retirement Benefit Plan; *id.* at 65-66.
⁵³ See *id.* at 109.

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In any case, please be informed that based on records since your turn over or handover report were late (records were only turned over to personnel department/PMIRD around last week of January 2016) the processing of your clearance and also your **separation benefit computation** in our accounting department **is still being processed**.

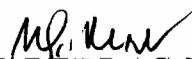
A documented and written handover report is a requirement in our company policy for clearance. You are aware of this policy. Your delayed submission of the said requirement have also contributed to the delay of your **separation pay**. This could have been avoided had you coordinated much earlier to your immediate superior regarding all your clearance requirements.

In any case, this is **now under process** and PMIRD is trying its best to fast track the routing of your **separation benefit sheet which needs to be approved by the retirement committee. This is part of the company's normal operating procedure.**"⁵⁴

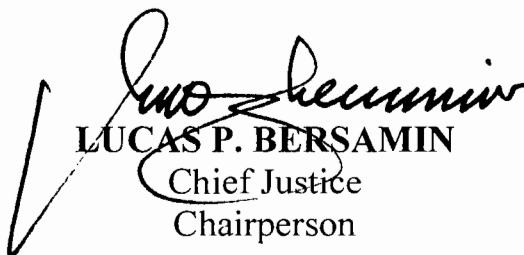
In fine, the Court is unconvinced that petitioner has proven his entitlement to the separation benefits under AFC's company policy. As such, the CA Decision is affirmed insofar as it set aside the NLRC's award of separation benefits in favor of petitioner not for the reasons given by the CA but based on the above discussion.

WHEREFORE, the petition is **DENIED**. The Decision dated June 20, 2018 of the Court of Appeals in CA-G.R. SP No. 08194-MIN is hereby **AFFIRMED** with **MODIFICATION**. The award of separation benefits amounting to ₱84,150.00 in the Decision dated January 31, 2017 and the Resolution dated April 28, 2017 of the National Labor Relations Commission in NLRC No. MAC-10-014668-2016 is hereby **DELETED**.

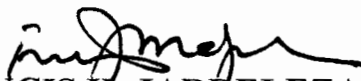
SO ORDERED.

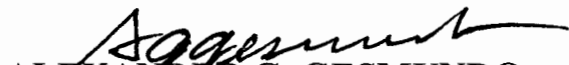

ESTELA M. PERLAS-BERNABE
Associate Justice

WE CONCUR:


LUCAS P. BERSAMIN
Chief Justice
Chairperson

⁵⁴ Id. at 108-109; emphases and underscoring supplied.

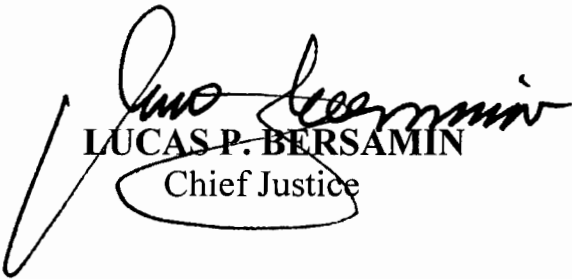

FRANCIS H. JARDELEZA
Associate Justice


ALEXANDER G. GESMUNDO
Associate Justice


ROSLARI B. CARANDANG
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.


LUCAS P. BERSAMIN
Chief Justice