



SUPREME COURT OF THE PHILIPPINES  
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Republic of the Philippines  
**Supreme Court**  
Manila

**SECOND DIVISION**

**COCA-COLA\***  
**PHILIPPINES, INC.,**

**BOTTLERS**

**G.R. No. 197494**

Petitioner,

**Present:**

- versus -

CARPIO, J., *Chairperson*,  
PERLAS-BERNABE,  
CAGUIOA,  
REYES, J. JR., and  
LAZARO-JAVIER, *JJ.*

**CCBPI STA. ROSA PLANT**  
**EMPLOYEES UNION,**

**Promulgated:**

Respondent.

**25 MAR 2019**

X-----*ARCabalacop/mjcto*-----X

**DECISION**

**REYES, J. JR., J.:**

Before us is a Petition for Review on *Certiorari*<sup>1</sup> under Rule 45 of the Rules of Court, assailing the Decision<sup>2</sup> dated January 27, 2011 and the Resolution<sup>3</sup> dated June 23, 2011 of the Court of Appeals (CA) in CA-G.R. SP No. 113138, which affirmed the ruling of the Voluntary Arbitrator.

**Relevant Antecedents**

Coca-Cola Bottlers Philippines, Inc. (CCBPI, hereinafter referred to as petitioner) is engaged in the business of manufacturing, distributing, and marketing beverage products while CCBPI Sta. Rosa Plant Employees' Union (respondent Union) is a recognized labor union organized and registered with the Department of Labor and Employment (DOLE) and the

\* Also referred to as "Coca Cola" in the petition.

<sup>1</sup> *Rollo*, pp. 3-25.

<sup>2</sup> Penned by Associate Justice Juan Q. Enriquez, Jr., with Associate Justices Ramon M. Bato, Jr. and Florito S. Macalino, concurring; *id.* at 33-39.

<sup>3</sup> *Id.* at 41-42.

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sole representative of all regular daily paid employees and monthly paid non-commission earning employees within petitioner's Sta. Rosa, Laguna plant.<sup>4</sup>

A dispute arose when petitioner implemented a policy which limits the total amount of loan which its employees may obtain from the company and other sources such as the Social Security System (SSS), PAG-IBIG, and employees' cooperative to 50% of their respective monthly pay.

Respondent Union interpreted such policy as violative of a provision in the Collective Bargaining Agreement (CBA), which states that petitioner shall process all SSS loans of its employees, in spite of any outstanding company loan of said employees, subject to SSS rules and regulations.<sup>5</sup>

After conciliation efforts failed, respondent Union submitted the matter before the Voluntary Arbitrator on October 5, 2009.<sup>6</sup>

Petitioner anchored on its stand and argued that the company policy is in compliance with the Labor Code considering that it ensures that the employees' wages are directly paid to the employees themselves and not to third party creditors.<sup>7</sup>

In a Decision<sup>8</sup> dated February 12, 2010, the Voluntary Arbitrator ruled in favor of the respondent Union. The Voluntary Arbitrator maintained that Section 2, Article 14 of the CBA is clear when it provided that petitioner shall process all SSS loans, subject only to SSS rules and regulations. As there was no modification of said stipulation, petitioner was ordered to implement said provision without restrictions, *viz.*:

**WHEREFORE**, in light of the foregoing facts and [evidence] and circumstances, decision is hereby rendered in favor of the complainant union[.] Respondent is hereby ordered to immediately implement Article 14, Sec. 2 without restrictions and in its literal meaning.

SO ORDERED.<sup>9</sup>

Unsatisfied, petitioner elevated the matter before the CA *via* Rule 43 of the Rules of Court.

On appeal, petitioner insisted that it did not violate the CBA in enforcing the company policy as the limitation was aimed to protect and promote the welfare of the employees and prevent them from becoming saddled with indebtedness.<sup>10</sup>

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<sup>4</sup> Id. at 34.

<sup>5</sup> Id.

<sup>6</sup> Id.

<sup>7</sup> Id. at 75.

<sup>8</sup> Penned by Voluntary Arbitrator Hon. Bienvenido E. De Vera; id. at 74-81.

<sup>9</sup> Id. at 80.

<sup>10</sup> Id. at 35.

Affirming the Decision of the Voluntary Arbitrator, the CA rendered the assailed Decision<sup>11</sup> dated January 27, 2011. The CA observed that such company policy is violative of the CBA in the absence of any SSS regulation supporting the same. The *fallo* thereof reads:

**WHEREFORE**, premises considered, the petition is **DENIED** for lack of merit. Accordingly, the Decision of the Voluntary Arbitrator dated February 12, 2010 is hereby **AFFIRMED**.

**SO ORDERED.**<sup>12</sup>

Petitioner filed a Motion for Reconsideration which was denied in the assailed Resolution<sup>13</sup> dated June 23, 2011.

### **The Issue**

In the main, the issue in this case is whether or not petitioner's company policy which limits the availment of loans depending on the average take home pay of its employees violates a provision in the CBA.

### **The Court's Ruling**

It is a familiar and fundamental doctrine in labor law that the CBA is the law between the parties and they are obliged to comply with its provisions.<sup>14</sup> As in all contracts, the parties in a CBA may establish such stipulations, clauses, terms and conditions as they may deem convenient provided these are not contrary to law, morals, good customs, public order, or public policy. Thus, where the CBA is clear and unambiguous, it becomes the law between the parties and compliance therewith is mandated by the express policy of the law.<sup>15</sup>

Verily, the force and effect of the CBA is that of a law, requiring that parties thereto yield to its provisions; otherwise, the purpose for which the same was executed would be rendered futile.

The resolution of this instant case would inevitably delve into a reading of the CBA in relation to the company policy, which allegedly translated into a violation of the former.

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<sup>11</sup> Supra note 2.

<sup>12</sup> Id. at 38.

<sup>13</sup> Supra note 3.

<sup>14</sup> *Goya, Inc. v. Goya, Inc. Employees Union-FFW*, 701 Phil. 645, 659 (2013).

<sup>15</sup> *Honda Phils., Inc. v. Samahan ng Malayang Manggagawa sa Honda*, 499 Phil. 174, 179-180 (2005).

The concerned CBA provision provides:

**Article XIII**

x x x x

**SECTION 2. SSS Salary Loans.** The COMPANY shall process all SSS loan applications, notwithstanding the fact that the employee concerned may have outstanding COMPANY loans, subject to SSS rules and regulations.<sup>16</sup>

On the other hand, the company policy puts a cap relative to the loan availment by the employees depending on the employees' monthly basic net pay. In other words, petitioner shall disapprove the loan application of an employee whose net take home pay falls below 50% of his average monthly basic pay. Petitioner cited an illustration<sup>17</sup> to exemplify the policy's application:

Average monthly basic pay	₱26,365.00
Average monthly standard and statutory deductions (e.g. tax, SSS contribution, etc.)	₱ 4,160.00
Average monthly non-standard deductions (e.g. union dues, insurance premium, etc.)	₱ 8,508.76
Average monthly net pay	₱13, 696.24
% of total deductions over basic pay	48.05%
Monthly net disposable income based on the 50% salary cap	₱ 513.74

Thus, ZZZ may secure a loan from other sources provided that the monthly amortization does not exceed ₱513.74, considering that any amortization exceeding such net disposable income would exceed the 50% limitation of net take home pay. Stated otherwise, the net take home pay would be less than 50% of the average monthly basic pay if ZZZ would still be allowed to secure loans from any sources with monthly amortizations exceeding ₱513.74.<sup>18</sup>

A plain reading of the CBA provision provides for the commitment of the petitioner to process SSS salary loans, in particular, of its employees. The only limitation is the application of SSS rules and regulations pertaining to the same. Undoubtedly, the company policy is not an SSS rule or regulation. Hence, it is important to discuss whether said company policy is sanctioned under SSS rules and regulations.

<sup>16</sup> *Rollo*, p. 116.

<sup>17</sup> *Id.* at 9.

<sup>18</sup> *Id.*

The Terms and Conditions of a Member Loan Application, pursuant to Social Security Commission Regulation No. 669, is stipulated at the back of every SSS loan application. It specifies for the requirements for eligibility of the member and the responsibilities of an employer relative to loan application, to wit:

#### **A. SALARY LOANS**

##### ***ELIGIBILITY REQUIREMENTS***

1. AN EMPLOYED, CURRENTLY PAYING SELF-EMPLOYED OR VOLUNTARY MEMBER (SE/VM) WHO HAS 6 POSTED MONTHLY CONTRIBUTIONS FOR THE LAST 12 MONTHS PRIOR TO THE MONTH OF FILING OF APPLICATION.
2. FOR A ONE-MONTH LOAN, THE MEMBER-BORROWER MUST HAVE 36 POSTED MONTHLY CONTRIBUTIONS PRIOR TO THE MONTH OF FILING OF APPLICATION.
3. FOR A TWO-MONTH LOAN, THE MEMBER-BORROWER MUST HAVE 72 POSTED MONTHLY CONTRIBUTIONS PRIOR TO THE MONTH OF FILING OF APPLICATION.
4. IF THE MEMBER-BORROWER IS EMPLOYED, HIS EMPLOYER MUST BE UPDATED IN CONTRIBUTIONS AND LOAN REMITTANCES.
5. THE MEMBER-BORROWER MUST BE UPDATED/CURRENT IN THE PAYMENT OF HIS OBLIGATIONS IN HIS OTHER MEMBER LOANS, WHICH INCLUDE EDUCATIONAL, STOCK INVESTMENT, MADE & HOUSING LOANS GRANTED UNDER THE UNIFIED HOUSING LOAN PROGRAM (UHLP) OR DIRECT FROM SSS.
6. THE MEMBER-BORROWER HAS NOT BEEN GRANTED FINAL BENEFIT (TOTAL PERMANENT DISABILITY, RETIREMENT AND DEATH).
7. THE MEMBER-BORROWER MUST BE UNDER SIXTY-FIVE (65) YEARS OF AGE AT THE TIME OF APPLICATION (SSC RES. NO. 434 DATED 09 NOVEMBER 2005).
8. THE MEMBER-BORROWER HAS NOT BEEN DISQUALIFIED DUE TO FRAUD COMMITTED AGAINST THE SSS.

x x x x

##### ***EMPLOYER***

4. THE EMPLOYER SHALL BE RESPONSIBLE FOR THE COLLECTION AND REMITTANCE TO THE SSS OF THE AMORTIZATION(S) DUE ON THE MEMBER-BORROWER'S SALARY LOAN THROUGH PAYROLL DEDUCTION.
5. THE EMPLOYER SHALL REQUIRE NEW EMPLOYEES TO SECURE FROM THE SSS AN UPDATED STATEMENT OF ACCOUNT;
6. THE NEW EMPLOYER SHALL CONTINUE THE DEDUCTION AND SHALL BE ACCOUNTABLE FOR THE REMITTANCE TO THE SSS;
7. IN CASE THE MEMBER-BORROWER IS SEPARATED VOLUNTARILY, (E.G. RETIREMENT OR RESIGNATION) OR INVOLUNTARILY, (E.G. TERMINATION OF EMPLOYMENT OR

- CESSATION OF OPERATIONS OF THE COMPANY), THE EMPLOYER SHALL BE REQUIRED TO DEDUCT THE TOTAL BALANCE OF THE LOAN FROM ANY BENEFIT(S) DUE TO THE EMPLOYEE AND SHALL REMIT THE SAME IN FULL TO SSS;
8. IF THE BENEFIT(S) DUE TO THE EMPLOYEE OR THE AMOUNT THEREOF LEGALLY AVAILABLE FOR OFFSET OF OBLIGATIONS OF THE EMPLOYEE IS INSUFFICIENT TO FULLY REPAY THE LOAN, THE EMPLOYER SHALL REPORT THE UNPAID LOAN BALANCE TO SSS.

Based on the foregoing, it appears that the qualification of a member-borrower is dependent on the amount of loan to be taken, updated payment of his contributions and other loans, and age, which should be below 65 years. On the other hand, the responsibility of an employer is limited to the collection and remittance of the employee's amortization to SSS as it causes the deduction of said amortizations from the employee's salary. Based on said terms and conditions, it does not appear that the employer has the prerogative to impose other conditions which does not involve its duty to collect and remit amortizations. The 50% net take home pay requirement, in effect, further adds a condition for an employee to obtain an SSS salary loan, on top of the requirements issued by the SSS. Hence, when petitioner requires that the employee should have at least 50% net take home pay before it processes a loan application, the same violates the CBA provision when a qualified employee chooses to apply for an SSS loan.

With these, we rule that the company policy violated the provision of the CBA as it imposes a restriction with respect to the right of the employees under the CBA to avail SSS salary loans.

While petitioner's cause for putting a limitation on the availment of loans, *i.e.*, to promote the welfare of the employees and their families by securing that the salary of the concerned employee shall be taken home to his family, is sympathetic, we cannot subscribe to the same for being in contravention with the prohibition on interfering with the disposal of wages under Article 112 of the Labor Code:

Art. 112. Non-interference in disposal of wages. **No employer shall limit or otherwise interfere with the freedom of any employee to dispose of his wages.** He shall not in any manner force, compel, or oblige his employees to purchase merchandise, commodities or other property from any other person, or otherwise make use of any store or services of such employer or any other person.

With the implementation of the company policy, an employee, who is qualified to avail an SSS salary loan and chooses to dispose of his salary through payment of monthly amortizations, may not be able to do so should such amortizations be over the 50% cap. In carrying out the 50% cap policy, petitioner effectively limits its employees on the utilization of their salaries when it is apparent that as long as the employee is qualified to avail the same, he/she may apply for an SSS loan.

The demands of each household varies; and the management of each household differs. Whether it is beneficial for an employee to retain sufficient money to supply the needs of his family at the end of each month is immaterial. The needs of one's family is relative; one household may find comfort in taking loans to meet urgent needs. Petitioner's contention that an employee's dependency on indebtedness will affect his productivity is at best speculative.

To further advance its argument, petitioner cited a letter<sup>19</sup> from the SSS which answered its inquiry regarding its right to disapprove loans to comply with company policy, to wit:

A salary loan is not a benefit but only a privilege granted by the Social Security System to its covered employees. However, member/borrower who is currently employed should secure a consent from his/her respective employer before he can apply for SSS Salary loan, the employer being a co-maker. Further, the employer or his authorized representative and the member affix their signature that they agree to the terms and conditions of the loan as enumerated at the back of the salary loan application. And one of the conditions is, the employer shall be responsible for the collection and remittance to the SSS [of] the amortization due from the member/employee.

*Therefore, it is the prerogative of the company to allow or not their employees to obtain SSS loans since your records will show if they are still capable to pay their loan. (Italics in the original)*

The letter by the SSS adds no merit to petitioner's argument. The letter hardly provides for an SSS rule or regulation which may affect the processing of an SSS loan by an employer. The statement which states the employer's prerogative to allow or disallow its employees to obtain SSS loans is merely dependent on the employee's *capacity* to pay, not on any other matter. There was no ceiling as to the amount of net take home monthly pay that the employee should be credited for before he/she may apply for an SSS salary loan.

Considering the foregoing, the implementation of the company policy is not a valid exercise of management prerogative, which must be exercised in good faith and with due regard to the rights of labor.<sup>20</sup> Its violation of a provision in the CBA demerits the presence of good faith.

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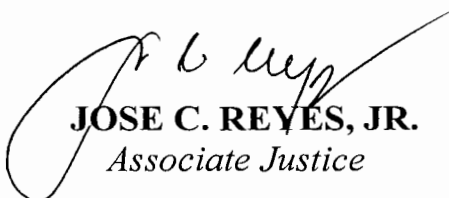
<sup>19</sup> *Rollo*, p. 21.

<sup>20</sup> *Royal Plant Workers Union v. Coca-Cola Bottlers Philippines, Inc.-Cebu Plant*, 709 Phil. 350, 364 (2013).

In the absence of an SSS rule or regulation which limits the qualification of employees to obtain a loan, petitioner has the obligation to process the same so as to comply with the provisions of the CBA.

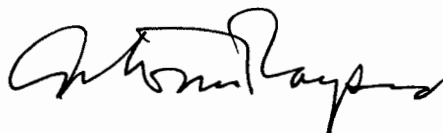
**WHEREFORE**, premises considered, the instant petition is hereby **DENIED**. Accordingly, the Decision dated January 27, 2011 and the Resolution dated June 23, 2011 of the Court of Appeals in CA-G.R. SP No. 113138 are **AFFIRMED in toto**.

**SO ORDERED.**




**JOSE C. REYES, JR.**  
*Associate Justice*

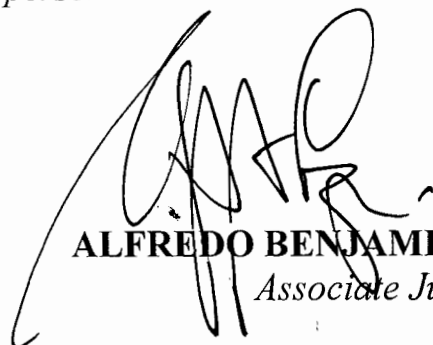
**WE CONCUR:**



**ANTONIO T. CARPIO**  
*Senior Associate Justice*  
*Chairperson*



**ESTELA M. PERLAS-BERNABE**  
*Associate Justice*



**ALFREDO BENJAMIN S. CAGUIOA**  
*Associate Justice*




**AMY C. LAZARO-JAVIER**  
*Associate Justice*



**ATTESTATION**

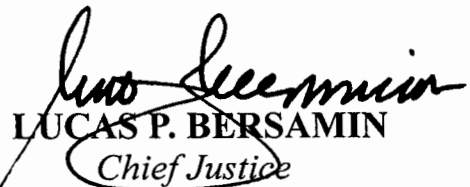
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**ANTONIO T. CARPIO**  
*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.



**LUCAS P. BERSAMIN**  
*Chief Justice*