

## THIRD DIVISION

[ G.R. No. 141117, March 25, 2004 ]

**UNITED PULP AND PAPER CO., INC., PETITIONER, VS. UNITED  
PULP AND PAPER CHAPTER-FEDERATION OF FREE WORKERS,  
RESPONDENT.**

### D E C I S I O N

**SANDOVAL-GUTIERREZ, J.:**

For our resolution is the instant petition for review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure, as amended, assailing the Resolutions dated October 12, 1999<sup>[1]</sup> and December 10, 1999<sup>[2]</sup> of the Court of Appeals in CA-G.R. SP No. 55245, entitled "*United Pulp and Paper Co., Inc. vs. United Pulp and Paper Chapter-Federation of Free Workers.*"

The antecedent facts giving rise to the controversy at bar are as follows:

Sometime in July 1991, United Pulp and Paper Co., Inc., petitioner, implemented a "Promotions Policy"<sup>[3]</sup> that recognizes the excellent and meritorious work performance of deserving employees during the last twelve (12) months. The "Promotions Policy" sets forth the following guidelines:

"VI. ADMINISTRATIVE GUIDELINES

- "1. Except in abnormal situations (subject to approval by the General Manager), promotions shall be made only if a vacancy in the next higher position occurs and Management has decided to fill-up such vacancy through approval of the Personnel Requisition form.

x x x

- "9. In case of union employees, the promotional increase shall be 5% compounded for every pay class jump. However, the resulting effect of 5% promotional increase shall not cause the promoted employee's salary to exceed that of the lowest paid incumbent within first, the section, second, department, and third, division. If this constraint will result to a promotional increase of lower than 3% over his previous salary, the employee will receive an increase of 3%.

x x x."<sup>[4]</sup>

On April 1, 1998, Teodorico Simbulan was promoted from Welder I to Welder II with the corresponding pay class (PC) movement from PC V to PC VIII.

For and in behalf of Simbulan, United Pulp and Paper Chapter-Federation of Free Workers, respondent, questioned the regularity or correctness of the salary increase granted by petitioner. Invoking Section 1, Article XVII of the collective bargaining agreement (CBA),<sup>[5]</sup> respondent maintains that Simbulan is entitled to a 5% salary increase (for every pay class movement) because such salary increase does not exceed the salary rates of other incumbents. Respondent also contends that petitioner is guilty of discrimination against Simbulan since other employees, like Enrique Cruz and Joselito de Castro who were previously promoted, enjoy the 5% salary increase for their pay class movements.

The controversy was submitted to the grievance machinery, but the parties failed to reach an acceptable settlement.

Thus, the matter was elevated to a panel of Voluntary Arbitrators of the National Conciliation and Mediation Board (NCMB), Regional Branch No. III at San Fernando, Pampanga, docketed as NCMB-AC-583-RB3-10-024-98.

On July 1, 1999, the Voluntary Arbitrators rendered a Decision<sup>[6]</sup> partly reproduced as follows:

"In light of all the foregoing, this Panel holds that the promotional increase in the case of union employees is 5% compounded for every pay class jump unless the effect of such increase will be such as to cause the promoted employee's salary to exceed that of the lowest paid incumbent in the same position as that to which the employee is being promoted, in which case the promotional increase shall be limited to not less than 3%.

"Consequently, in the case of the subject employee, Teodorico Simbulan, since there is no showing that, for the second and third jumps in his promotion on 1 April 1998, his salary would have exceeded that of the lowest paid incumbent in the pertinent position if granted a 5% promotional increase, he is entitled to a salary increase of 5%+5%+5%, compounded for each pay class, effective as of the said date.

"WHEREFORE, respondent United Pulp and Paper Co., Inc. is hereby ordered to pay Teodorico Simbulan the difference between the promotional increase of 5%+5%+5%, compounded for each pay class, and the salary increase he actually received as a result of his promotion, effective as of 1 April 1998.

"The respondent is also directed to continue implementing the promotions policy, in appropriate cases, in the manner stated in this Decision.

"SO ORDERED."

Petitioner filed a motion for reconsideration but was denied by the Voluntary Arbitrators in a Resolution<sup>[7]</sup> dated September 3, 1999.