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SALES
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The Sunday Telegraph

BUSINESS

AND MONEY

MONEY WHERE TO INVEST IN 2008

Seizes giants' ments

zeneca targeted in
libery investigation



REUTERS

ing report

ench and Russian
s the chief culprits.
t claimed invest-
d uncovered evi-
ggest AstraZeneca
£2,000 (£81,000) in
t three contracts
n, while Glaxo-
was named as
\$1m to win nine
contracts valued at
companies vehe-
ed the claims at

on evidence from
ords and Iraqi
documents, Vol-
d that the kick-
often disguised
ample, contracts
0 per cent to cover
services" fees.
an for GSK con-
rday that the SFO
made a request
nts. "GSK does
hat its employees

or its agents in Iraq know-
ingly engaged in wrongdoing
regarding the oil for food pro-
gramme," he said.

"In fact GSK went to consid-
erable lengths to co-operate
with UK government authori-
ties responsible for the UK
administration of the pro-
gramme and to impose anti-
corruption measures when
dealing with intermediaries
in Iraq at a time when the
environment was extremely
volatile and difficult."

A spokesman for Astra-
Zeneca said: "AstraZeneca
has received a request from
the SFO for documents as
part of its review of the oil
for food programme in Iraq. The
company will be providing the
documentation."

Observers believe that the
SFO may move to interview
individual executives under
caution once it has assessed
the documents. Ultimately, if
there is enough evidence, the
SFO could decide to prosecute
any individuals involved.

The SFO is believed to be in
contact with America's Depart-
ment of Justice, which is car-
rying out its own investiga-
tion into the allegations raised
in the Volcker report. Further
demands for information are
expected to be sent out by the
SFO early in the New Year.

Robert Wardle, the SFO
director, who personally sanc-
tioned the inquiry in Febru-
ary, has secured an extra
£22m from the Government to
fund the investigation, which
is expected to run until at
least 2010.

LILY BLOOMS AS RETAILERS WILT



A bit of fluff: Lily Allen opened the Harrods winter sale on Friday as thousands of shoppers gathered to bag bargains. The sale began as fears mount about the financial health of several high street retailers. Administrators have warned that a number of well-known retail chains could fall into administration early in the New Year. FULL STORY, PAGE 3

Shell plans to outsource 3,600 jobs

RUSSELL HOTTEN

ROYAL Dutch Shell is to shed thousands of jobs as Europe's largest oil company joins rival BP in trying to cut costs and simplify its structure. Shell is looking to agree one of the largest ever outsourcing deals in the next couple of months, and plans to reorganise other departments, including finance operations.

The company has said previously that it wants to cut costs, but the scale of some of the proposed changes has surprised insiders and led to the leaking of information to an anti-Shell website by disillusioned staff. The biggest change will be in the information technology division, where around 3,600 staff may be affected by a plan to farm out operations to three companies.

At a board meeting thought to have taken place shortly before Christmas, Shell decided to outsource virtually the whole of its IT function, nominating EDS, AT&T, and T-Systems to take over the work. Starting on January 8, Shell is planning a series of what it calls Facing Change meetings with staff to outline further details.

Shell declined to discuss the number of staff involved, though in an e-mail written by Goh Swee Chen, vice president of Information Technology Infrastructure, the outsourcing plan presented to the board is described as "substantial" and likely to create "uncertainty". Negotiations are continuing but Shell wants the new IT arrangements up and running by July 1.

The e-mail, confirmed by Shell as authentic, was sent to the website royaldutchshellplc.com, which has been a thorn in the company's side for years and is regularly used by staff to air their discontent and disclose sensitive information. One employee who contacted the website said the plan was to retain 400 IT staff at Shell, with the work of the remaining 3,200 outsourced.

He wrote: "To be fair to Shell we have been aware of the outsourcing for at least 6-8 months. It was not until very recently however that we found out which jobs were mapped to be outsourced, and who is taking over the contracts... working for many years and giving to a company, to all of a sudden be encouraged to join an outsourcer has a feeling of betrayal to it." One outsourcing expert said on Friday that if 3,200 staff were involved, it would be among the biggest such deals he had heard of.

Shell said it had announced in September it would contract out some IT work. "We are looking at ways of creating greater synergies." Shell employs about 108,000 people.

News that the IT plan is likely to be far bigger than first envisaged has sparked wider concern about job cuts. According to another leak, to the Dow Jones news agency, Shell's financial director Peter Voser has told staff that he wants a "leaner and meaner" department in 2008, a sign that he intends to strip out layers of management.

In an interview with Dutch newspaper de Volkskrant earlier this month, Shell's chief executive, Jeroen Van der Veer, said that production costs had risen 65pc in two years.

king regulator

Orange