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Good morning. I would like to begin by acknowledging the traditional owners of the land upon which we are meeting today – the Turrbal and Yuggera people - and paying my respect to their Elders past, present and emerging. And I'll also acknowledge that it's National Reconciliation Week, which puts the spotlight on a very important journey that Australia is on – a journey that is also important for Woodside.

Change is a constant in the energy industry. In the modern world, we have seen three great energy transformations – from the rise of coal in the Industrial Revolution, to the ascent of oil from the early 20th century to the increased use of natural gas from the 1950s.

Historically, these transformations have been driven by economic growth, population growth and breakthroughs in technology. And now there are further dramatic shifts underway, as technological advances combine with policy imperatives to drive major changes around the world, including growing electrification and the rapid expansion of renewables.

Today I will talk about what these energy transformations mean. Firstly, what they mean for the world. Secondly, what it means for Australia and, thirdly, what it means for our industry. And I'll weave these three strands together under one theme – the idea that balance will be crucial as we walk this energy tightrope.

Let's start with the world. We cannot know for sure which energy future will eventuate, but the IEA outlines three possible pathways – the Current Policies Scenario, the New Policies Scenario and the Sustainable Development Scenario.

When it comes to scenarios, it's always possible to pick the one that suits you best. Our industry might take comfort from the fact that gas continues to play a big role in all three. But we can't afford to be complacent. It's also possible that unforeseen breakthroughs in technology result in a different outcome entirely.

What is clear is that the world faces a challenge: to reconcile the environmental goal of reducing emissions with the humanitarian goal of alleviating energy poverty by extending access to electricity to the billion people who still live without it. It's a balancing act.

That's not to say it's a zero-sum equation between the two prongs of the dual challenge. There are some actions that can further both goals, including the expansion of renewables and batteries and the increased use of natural gas, displacing higher-emission fuels.

Indeed, the IEA has observed that in 2018, coal-to-gas switching helped avert 95MT of CO2 emissions. Without this, the global increase in emissions would have been more than 15% greater.

In its most recent World Energy Outlook, the IEA noted that the world's energy destiny lies now more than ever with decisions and policies made by governments.

In the recent election campaign, both major parties acknowledged the challenge of climate change. We always said we could work with either approach. Now we know the target that will apply to Australia's emissions reductions – and industry and government should be working together to ensure we meet that target.

But the certainty around that target is jeopardised if state authorities take it upon themselves to move at a different pace, creating an inefficient patchwork of regulation.

The Western Australian Environmental Protection Authority's Greenhouse Gas Guideline, which was issued and then withdrawn in March, would have undermined the national emissions reduction effort by creating a climate of confusion. It also jeopardised the stability needed to make the massive investments in LNG projects that can support a global reduction in emissions.

The EPA must not compound the error it made when it failed to consult ahead of issuing the Guideline in March by simply reissuing the same Guideline. That Guideline set an unachievable emissions target – of net zero immediately, with no connection to the Paris Agreement trajectory that we are all working towards. The EPA must now allow for serious and open-minded reflection upon its approach.

To fail to do so would raise further questions about the validity of the EPA's advice.

It is pleasing that Premier Mark McGowan is at this APPEA conference, in a sign he understands the significance of our industry to Western Australia. Indeed, he wants to attract further investment and build the state's reputation as a global LNG hub. We hope to work with the State Government to ensure that WA benefits from our proposed developments and that environmental approvals are informed by guidelines that are achievable and reasonable.

Our goal should be an approach to climate policy that is national, consistent with the Paris Agreement and which balances the environment and industries that support jobs and economic growth. Once again, these are not competing goals but need to be aligned if outcomes are to be sustainable.

Australia has a rich and diverse resource endowment but there are challenges to developing it, and stiff global competition. We can see other countries and companies preparing for the demand that we see emerging for our product.

We have a window of opportunity now to develop natural gas resources that the world will need in the coming decades as we shift to a lower carbon world. The timing is right for those developments – the timing is right for natural gas. And if the development of those resources is deferred, then the Australian people risk missing out on the value they should secure from that endowment.

If Australia wants to reap the benefits of its resource endowment, we cannot afford to be complacent. We need to be smart about the policy settings that affect investment decisions, from

taxation, education, employment and immigration policies to the processes and principles around environmental regulation.

Industry also has a role to play if Australia is to unlock its natural advantage. I've spoken at many APPEA conferences over the years about our social licence to operate. It's never been more important that we demonstrate the contribution we make, through paying our taxes, providing employment, supplying energy, and engaging with the challenges facing our communities.

And that brings me to my third point: what does the new energy landscape mean for our industry?

We have a role to play in this energy transformation, including through managing our own emissions and explaining how natural gas can support the provision of energy in a lower carbon world. Our place in the future energy mix is not guaranteed. Things are shifting around the world and we cannot bury our heads in the sand and ignore those shifts and what they mean for our businesses.

I don't have all the answers for our industry, but let's consider some of the questions that we need to be asking ourselves and the principles that guide our responses.

What are our strategies, as an industry and as individual companies, that will position us to be part of the energy future? What are the no-regrets actions we can take now that set us up for the long-term, regardless which scenario turns out to be correct? Should we build new businesses outside of hydrocarbons? How do we take our communities and investors with us on this journey?

We must never lose sight of the fact that the Australian people are the ultimate owner of the resources. We need to be prepared to explain how and why we propose to develop those resources – and the benefits this will deliver to Australia, including jobs, taxes and energy. And we must accept responsibility for addressing legitimate concerns that the community may have. For instance, we can acknowledge that our projects will contribute to emissions in Australia but explain that this is more than offset by the emissions saved globally through use of the resulting LNG.

By engaging with the community, we can attempt to build the case for reasonable and sustainable policy approaches that can be supported by both Government and Opposition.

As listed companies, we owe a duty to our shareholders. In fulfilling that duty, we need to balance the long-term and short-term interests of our investors. They are interested in a return on their investment. They are also interested in the companies they invest in having a viable, long-term future.

The balancing act was evident at our AGM last month, where we faced questions from shareholders demanding immediate action on climate, but also challenges from other shareholders who were concerned that even talking about climate change could distract from our core role as a company.

The starting point of any strategy is that our product is part of the solution in a lower carbon world. That's true for both traditional uses of natural gas and new uses, including as a low-emission transport fuel.

It's certainly true in power generation – of which gas-fired generation accounted for 34% globally in 2018. And with the share of renewables in global power generation forecast by the IEA to rise from 25% now to over 40% by 2040, gas-fired power can support grid stability and manage intermittency issues.

The capital-intensive nature of our industry and the payback timeframes for our investments force us to look beyond the short-term. Investment decisions we contemplate now will be made with reference to the medium-term demand outlook. And we know that, in that timeframe, the world will need more gas.

That's why Woodside is progressing our proposed Burrup Hub developments of Scarborough and Browse. The global demand outlook has aligned neatly with the availability of resources and facilities to develop them. The timing is right. And those proposed developments can set us up for the future, sustaining the balance sheet strength that will allow us to play a longer-term role.

That longer-term role may well be different to what we do today – and we need to be thinking now about how we can prepare for it. For Woodside, that includes exploring the potential for hydrogen as an energy source, amidst rising interest from our key markets in Japan and Korea.

Our companies need to play a role in the longer-term energy shift. We are the companies that have decades of experience in managing complex projects, adapting advanced technologies and delivering energy efficiently to where it is needed. Our expertise will be crucial in the transition to a lower-emissions world.

But in order to be around for the long-term, we need to take some no-regrets actions now, including investing in abatement and offsets and developing our complementarity with renewables and batteries.

We recognise that we have an obligation to produce LNG responsibly and can use our influence to support the responsible distribution and transmission of our product.

This is why Woodside has signed up to the Methane Guiding Principles, which identify priorities for action along the natural gas value chain, from production to the final consumer. We need to join together as an industry to tackle this challenge.

I'd like to conclude today by reflecting on the responsibility that we have to our employees. This year we saw a fascinating trend in the Edelman Trust Survey, which identified "my employer" as the most trusted institution in the world. Amid deep distrust of the system and of business in general, more than 75% of respondents in Australia trusted their employer.

Our employees expect us to engage with the big challenges. For our industry, the biggest challenge is the fundamental shift in the energy landscape.

Let's be honest about that challenge but also proud of the role our product plays in the decades ahead and confident in our ability to apply our expertise and experience in the longer term.

A lower carbon future is not something for us to be afraid of. It's something that we can and should be part of. Thank you.