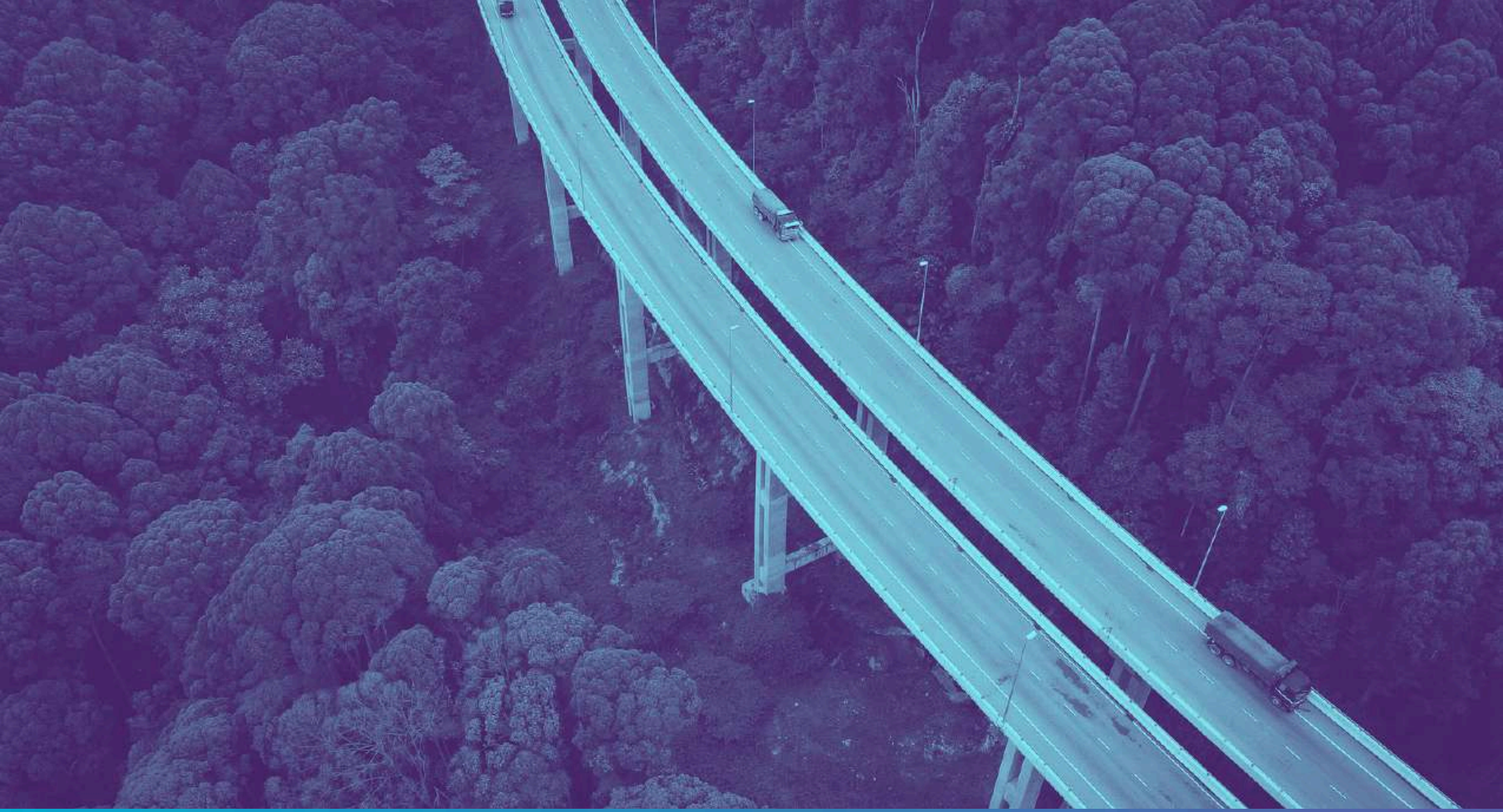
GCX
Sustainability & Beyond.

THE DECISION ILLUSION.

WHY SMART PEOPLE MISS OBVIOUS SUSTAINABILITY WINS.



Modern sustainability isn't short on ambition, it's short on clear decisions. Every boardroom claims to "believe in sustainability," yet even smart, data-driven leaders still miss obvious wins hiding in plain sight. Why? Because our brains aren't wired for systems thinking or long time horizons.

So let's explore the 'decision illusion' or how cognitive bias quietly undermines sustainability performance, and how visibility, context, and good governance can turn overlooked opportunities into everyday wins.

WHY OBVIOUS WINS GET MISSED.

Even high-performing leaders fall for decision traps, especially when risks are systemic and payoffs compound over time.

> “What we have works.”
> “We’ll fix it next budget cycle.”
> “Our numbers aren’t that bad.”

Those are familiar refrains. They comfort us in the short term but quietly erode long-term value. The better question?

> “What’s the cost of standing still?”
> “Would this framework still make sense if we weren’t already invested in it?”

Every organisation has its version of these blind spots, where what feels safe today furtively limits tomorrow's returns.

These aren't failures of intellect; they're failures of perspective. And the only way to correct perspective is to improve what you can see.

That's where the antidote begins - visibility and context.

COMMON BIASES AT WORK.

Before we can fix poor sustainability decisions, we need to understand what's driving them.

These aren't random mistakes, they're deeply human biases that affect even the smartest teams. Recognising them is the first step to out-smarting them.

PRESENT BIAS & DISCOUNTING

We overweight near-term costs and underweight multi-year savings.

STATUS-QUO BIAS + LOSS AVERSION

We fear disruption more than inefficiency. "It's risky to change" feels truer than "it's risky not to."

CONFIRMATION BIAS

We seek validation that a project is "too expensive" rather than testing what similar firm achieved.

SUNK-COST FALLACY

We double down on dated equipment and systems because "we've already invested so much."

COMPLEXITY AVERSION

We prefer tidy ESG scores to messy, actionable data.

AVAILABILITY HEURISTIC

We react to dramatic events, bad press, a flood, but ignore chronic inefficiencies.

MORAL LICENSING

"We are compliant; we're doing our part."

DIFFUSION OF RESPONSIBILITY

"That's for the ESG team to handle."

 info@gcxdash.com www.gcxdash.com

RESULTING BLIND SPOTS.

When those biases go unchecked, they quietly shape which projects are funded, which are delayed, and which are ignored.

Here's what that looks like in practice, the easy wins, timing plays, and real risks that slip through the cracks.

SIMPLE WINS LEFT ON THE TABLE.

Things like installing smart meters, tightening controls, or re-using waste heat that pay for themselves quickly but never get prioritised.

SUPPLIERS YOU HAVEN'T SWITCHED.

Partners or materials that are already cheaper and cleaner, but haven't been reviewed because "what we have works."

MISSED TIMING ADVANTAGES.

Chances to buy or shift energy when it's cheaper and cleaner, lost because no one's watching the clock or the carbon.

HIDDEN RISKS LEFT UNPRICED.

Health, climate or reputational issues that aren't on the balance sheet but still hit your bottom line when they surface.

“Let’s not overcomplicate it” often means “Let’s not look too closely.”

Ask PG&E and Volkswagen what short-termism costs.

PG&E’s “manageable risk” assumptions ended in a $25 billion wildfire liability and bankruptcy (CGEP). Volkswagen’s “everyone’s doing it” logic cost over €32 billion in fines and reputational damage (Reuters).

These aren’t knowledge gaps—they’re visibility gaps. When data and context are missing, bias fills the space.

ANTIDOTE = VISIBILITY + CONTEXT

Once you see the traps, the way out becomes clearer: make the invisible visible.

Bias doesn't survive transparency.

> **"We don't have the data."**
> **"Finance won't sign off without perfect ROI."**

Replace those with-

> **"What can we see now that we couldn't last quarter?"**
> **"What's the smallest dataset that still gives confidence to act?"**

When you can see how value, cost and risk connect, decisions shift from solely being emotional to inclusive of empirical proven results.

MAKE THE ECONOMICS UNDENIABLE.

Clarity turns good intentions into action. When everyone can see the same numbers, in context, debates turn into design sessions.

Here's how to make sustainability economics impossible to ignore.

AUDIT-GRADE VISIBILITY

Meter-level tracking across energy, water, waste and resources.

SMARTER LOGISTICS PAY OFF FAST

Tracking your freight, fleet and deliveries closely enough to spot wasted miles, empty loads, or avoidable idling.

SEEING IMPACT IN CONTEXT

Use data to show and unpack the ripple effect, or co-benefits of one action or project across the business

BUILDING IN FLEXIBILITY

Designing operations and supply chains that can switch suppliers, shift demand or adapt quickly when costs, risks or regulations change.

SHADOW PRICING

Applying internal prices for carbon, water or waste to reveal true project value.

For example Microsoft's internal company-wide internal carbon fee (now extended across Scopes incl. 3) to fund abatements/removals and steer product/infra choices. This forged a durable governance lever that prices carbon into planning templates and Business Unit decisions.

REFERENCE-CLASS BASELINES

Comparing proposals to external case studies to reduce optimism or cynicism bias.

info@gcxdash.com www.gcxdash.com

FROM ESG TO BEYOND ESG.

Disclosure is necessary.
Decision-usefulness is decisive.

If data gives you sight, governance gives you direction.

> “We just need to tick the disclosure box.”
> “ESG handles that.”

Replace these with-

> “If it’s material, why isn’t it mandatory?”
> “How does this metric move the balance sheet or our licence to operate?”

 info@gcxdash.com www.gcxdash.com

CONTEXT-BASED THINKING

No two sites, suppliers or markets are alike.

Setting context-based goals ensures targets are relevant to where your risks and impacts actually are, not just what looks good on paper.

It is essential to have a balanced view of aggregated (group company) and disaggregated (location or site-level) targets and performance - you need both but have to understand when you need which.

> “Let’s set a company-wide goal.”
> “What does improvement mean here, not just overall?”

That’s the shift from global averages to site-specific relevance, measuring water in stressed basins, carbon by grid hour, circularity by product-return rates.

For example: Walmart, via its Project Gigaton supply-chain programme, mobilised over 5,900 suppliers to achieve over 1 billion metric tons of value-chain emission reductions, six years ahead of schedule.

Governance builds accountability. But systems only work when people make better choices within them, which brings us to the practice of decision design.

THE FIELD PLAYBOOK
DEBIAS YOUR NEXT DECISIONS

Frameworks set direction, but habits create results. The real challenge is embedding these ideas into how people decide every day, from budgeting to supplier selection to capital allocation.

> “Let’s pilot it first, then decide.”
> “That’s Operations’ problem.”

Those stall progress. Replace them with-

> “What’s the fastest path to proof?”
> “Who benefits most from solving this first?”

Design your decisions, not just dashboards

- **Pre-mortems:** Imagine failure to surface hidden risks.
- **Red-team reviews**: Rotate ownership between Finance and Ops to challenge assumptions.
- **Green defaults:** Make sustainable options opt-out, not opt-in.
- **Stage-gate funding:** Release capital against verified performance data.
- **Base-rate evidence:** Always compare to external benchmarks (e.g., what peers achieved).

Decision design is most effective when paired with speed and feedback - it is a recursive process building on insights and continuous improvement.

30 / 60 / 90 DAY MOVES

- **Day 30:** Build a single source of truth for utility and supplier data.
- **Day 60:** Publish abatement curves and identify all <3-year payback projects.
- **Day 90:** Lock in clean-power and circular-economy pilots with measurable economics.

> “We’ll do it once we have the budget.”

> “What if doing this is how we unlock the budget?”

Quick wins most teams overlook

- Smart controls and commissioning (10%+ energy savings).
- Freight optimisation and anti-idling.
- Material swaps co-funded with suppliers.
- Load shifting to low-carbon hours.

By now, visibility, governance & design are working together.

What ties them all together? Measuring progress that actually moves decisions.

WHAT TO STOP DOING.

> “We’ll offset it.”
> “We just need a better ESG score.”

More is not always more or better…

Sometimes better decision-making starts with subtraction. Clearing away unhelpful habits and symbolic gestures frees up time and capital for what genuinely drives progress.

- Ditch composite ESG scores that don’t guide capital or impact.
- Don’t substitute offsets for operational change.
- Avoid endless pilots without scale plans.
- Always test assumptions against external evidence.

When you strip away the illusions and focus on cause-and-effect, good decisions compound, fast.

EXECUTIVE CHECKLIST.

8 PROMPTS FOR YOUR NEXT INVESTMENT COMMITTEE

1 What is the rationale or compelling reason for this investment?

2 What biases could be at play here, and how did we counter them?

3 Where is this most and least material?

4 How does the decision change with shadow pricing?

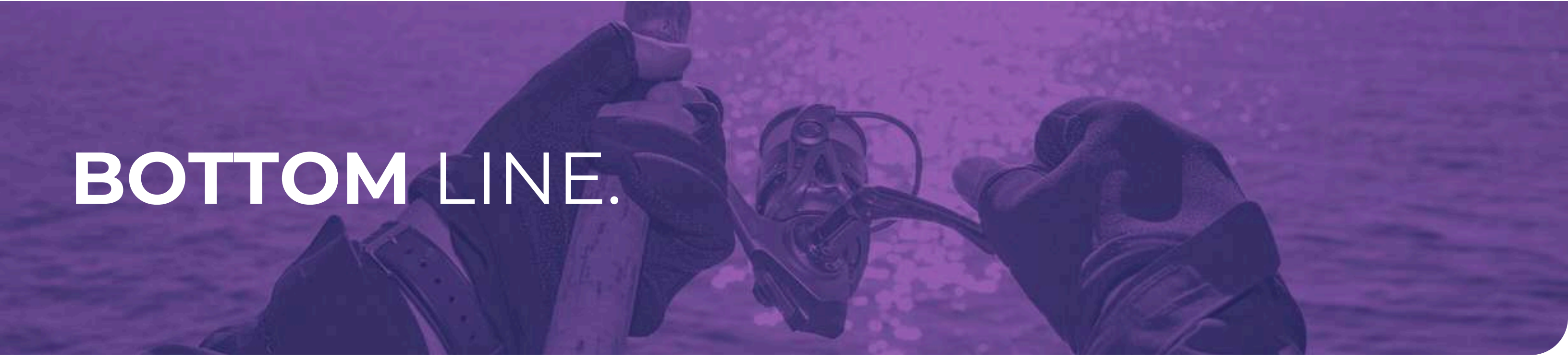
5 What's our best external reference for cost and timing?

6 What triggers or forces action when conditions shift?

7 How will performance be verified monthly from metered data?

8 What must we stop funding to make room for this?

1 Shadow pricing is the process of assigning a monetary value to goods, services, or resources that lack a direct market price, such as intangible assets or externalities like pollution.



BOTTOM LINE.

> “What we have works.”

It would more optimal to ask-

> “What’s working, for the future?”

An excellent example of this is Ørsted, once among Europe’s most coal-intensive energy players, proved a legacy balance sheet doesn’t have to lock in legacy outcomes: the company shut its final coal units in 2024, completing a decade-long pivot to renewables.

The “decision illusion” isn’t a character flaw; it’s a design flaw. Fix the design through visibility, context, and governance tied to materiality, and the sustainability wins you’ve been missing will suddenly look obvious.

That’s Beyond ESG: not more reporting, but better decisions.

 info@gcxdash.com www.gcxdash.com