

Intelligent Carbon Management: Integrating AI, Industrial Data and Decarbonization Strategies

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Abstract

The transition toward a low-carbon economy requires organisations to move beyond conventional carbon accounting and develop intelligent systems capable of continuously measuring, predicting, optimising, and reducing greenhouse-gas emissions. Rapid advances in artificial intelligence, industrial Internet of Things technologies, digital twins, cloud computing, and advanced analytics are creating new opportunities for intelligent carbon management across manufacturing, energy, transportation, buildings, and supply chains. This paper examines the integration of AI, industrial data, and decarbonisation strategies as an emerging framework for achieving measurable and economically viable emissions reductions. It explores AI applications in emissions monitoring, carbon forecasting, energy optimisation, process control, predictive maintenance, renewable-energy integration, carbon capture, supply-chain optimisation, and industrial decision support. Particular attention is given to the integration of operational technology data with enterprise sustainability information, lifecycle assessment, Scope 1, Scope 2, and Scope 3 emissions, and carbon-intensity metrics. The paper proposes an Intelligent Carbon Management Framework comprising five interconnected layers: data acquisition, carbon intelligence, predictive analytics, optimisation, and strategic decarbonisation. It argues that AI should not be viewed simply as a reporting or forecasting tool but as an enabling technology for continuously adaptive carbon reduction. At the same time, challenges related to data quality, interoperability, model transparency, cybersecurity, greenwashing, organisational capability, and the energy consumption of AI itself must be addressed. The paper concludes that intelligent carbon management can become a strategic component of industrial transformation when AI-driven insights are connected directly to operational decisions, investment planning, and measurable emissions outcomes.

Keywords: Intelligent Carbon Management, Artificial Intelligence, Industrial Data, Decarbonisation, Carbon Accounting, Industrial IoT, Digital Twins, Scope 1, Scope 2, Scope 3, Carbon Intelligence, Sustainable Manufacturing.

1. Introduction

Climate change has transformed carbon management from a primarily environmental reporting activity into a strategic business priority.

Industrial organisations are increasingly expected to:

- Measure greenhouse-gas emissions.
- Identify major emission sources.
- Reduce energy consumption.
- Improve operational efficiency.
- Transition toward renewable energy.
- Reduce supply-chain emissions.
- Evaluate low-carbon technologies.
- Demonstrate measurable progress.

Traditional carbon-management systems, however, often rely on periodic data collection and retrospective reporting.

This creates a significant gap between knowing how much carbon is emitted and actively controlling when, where, and why emissions occur.

Artificial intelligence offers an opportunity to close this gap.

The emerging concept of intelligent carbon management combines:

Industrial Data + AI + Carbon Accounting + Operational Optimisation + Decarbonisation Strategy

to create continuously improving emissions-management systems.

2. From Carbon Accounting to Carbon Intelligence

Traditional carbon accounting primarily answers:

How much greenhouse gas did the organisation emit?

Intelligent carbon management asks additional questions:

- Where are emissions occurring?
- Why are they occurring?
- Which processes generate the most emissions?
- What will emissions look like next month?
- Which intervention can reduce emissions most effectively?
- What will be the cost of each intervention?
- How will operational changes affect production?

This represents a transition from:

Carbon Reporting → Carbon Intelligence → Carbon Action

3. The Role of Industrial Data

Modern industrial facilities generate large volumes of data.

Sources include:

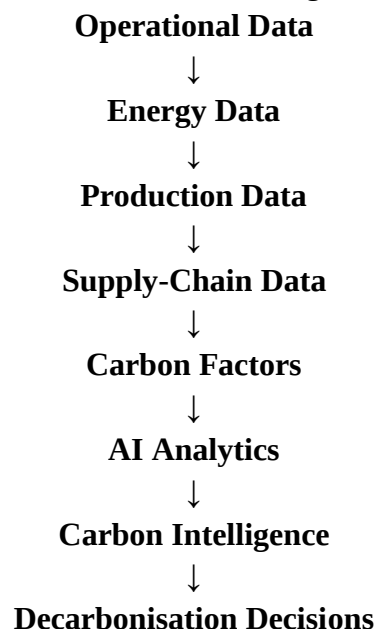
- Industrial sensors.

- Energy meters.
- Manufacturing execution systems.
- Enterprise resource planning systems.
- Building-management systems.
- Internet of Things devices.
- Supply-chain platforms.
- Logistics systems.

When integrated, these datasets can provide a detailed representation of industrial carbon performance.

4. Carbon Data Architecture

An intelligent carbon-management architecture can integrate:



This architecture enables organisations to connect emissions with actual operational activities.

5. Scope 1, Scope 2 and Scope 3 Emissions

Carbon-management systems commonly distinguish between three major categories.

Scope 1

Direct emissions from sources controlled by the organisation.

Examples include:

- Fuel combustion.
- Industrial processes.
- Company-owned vehicles.

Scope 2

Indirect emissions associated with purchased energy.

Scope 3

Other indirect emissions across the value chain.

Scope 3 can include:

- Purchased goods.
- Transportation.
- Business travel.
- Product use.
- End-of-life treatment.

6. Challenges in Scope 3 Management

Scope 3 emissions are particularly difficult because organisations may not directly control the underlying activities.

Challenges include:

- Incomplete supplier data.
- Different reporting methodologies.
- Estimated emission factors.
- Limited data interoperability.
- Lack of real-time information.

AI and advanced data analytics can help estimate and improve Scope 3 visibility.

7. Artificial Intelligence for Carbon Management

AI can support carbon management through:

- Prediction.
- Classification.
- Anomaly detection.
- Optimisation.
- Pattern recognition.
- Forecasting.
- Automated decision support.

The objective is to transform complex industrial data into actionable carbon-reduction strategies.

8. AI-Enabled Emissions Monitoring

AI can analyse sensor and operational data to identify abnormal emission patterns.

For example:

Sensor Data → AI Model → Emission Anomaly → Root-Cause Analysis

This can help identify unexpected energy or emissions increases.

9. Real-Time Carbon Monitoring

Traditional carbon reporting may occur monthly or annually.

Intelligent systems can provide near-real-time information.

A carbon dashboard could show:

- Current emissions.
- Carbon intensity.
- Energy consumption.
- Emissions by production line.
- Emissions by product.
- Progress toward targets.

10. Carbon Intensity

Absolute emissions are important, but carbon intensity can provide additional insight.

Examples include:

- kg CO₂e per unit produced.
- kg CO₂e per tonne of material.
- CO₂e per MWh.
- CO₂e per product shipment.

AI can monitor changes in carbon intensity across production systems.

11. Predictive Carbon Analytics

AI can forecast future emissions using:

- Production schedules.
- Historical energy data.
- Weather conditions.
- Equipment performance.
- Energy prices.
- Renewable-energy availability.

This enables proactive carbon management.

12. Carbon Forecasting Model

A simplified framework is:

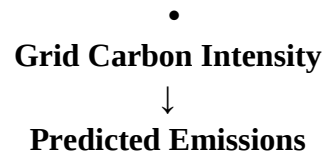
Production Forecast

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Energy Forecast

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Equipment Conditions



This allows organisations to identify potential carbon peaks before they occur.

13. Energy Optimisation

Energy consumption is a major contributor to industrial emissions.

AI can optimise:

- Heating.
- Cooling.
- Motors.
- Compressors.
- Furnaces.
- Pumps.
- Production schedules.

Optimisation can reduce both energy costs and emissions.

14. AI-Based Process Optimisation

Industrial processes often involve complex trade-offs between:

- Production.
- Quality.
- Energy.
- Cost.
- Emissions.

AI-based optimisation can identify operating conditions that reduce emissions without compromising production requirements.

15. Predictive Maintenance

Equipment degradation can increase energy consumption.

AI-based predictive maintenance can identify early signs of:

- Mechanical deterioration.
- Excessive energy use.
- Abnormal temperature.
- Vibration.
- Process inefficiency.

Maintenance can therefore become a carbon-reduction strategy.

16. Carbon-Aware Production Scheduling

Production scheduling can consider carbon intensity as an optimisation variable.

For example, energy-intensive processes could potentially be scheduled during periods when:

- Renewable electricity is abundant.
- Grid carbon intensity is lower.
- Energy demand is lower.

This creates carbon-aware manufacturing.

17. Renewable Energy Integration

AI can optimise renewable-energy utilisation by forecasting:

- Solar generation.
- Wind generation.
- Energy demand.
- Storage availability.

This helps organisations maximise low-carbon electricity consumption.

18. Battery Energy Storage

Industrial batteries can be managed using AI to determine:

- When to charge.
- When to discharge.
- How much energy to reserve.

The optimisation objective can include:

Cost + Carbon + Reliability

rather than cost alone.

19. Smart Grids and Carbon Management

Grid carbon intensity varies over time.

AI can integrate grid information with industrial demand.

This allows organisations to make carbon-aware decisions about electricity consumption.

20. Digital Twins for Carbon Management

Digital twins can represent physical industrial systems digitally.

A carbon-focused digital twin can model:

- Energy consumption.
- Production.
- Emissions.
- Equipment performance.
- Alternative technologies.

Organisations can test decarbonisation strategies virtually before implementation.

21. Carbon Scenario Simulation

A digital twin could simulate:

Scenario A

Replace fossil-fuel equipment.

Scenario B

Increase renewable electricity.

Scenario C

Improve process efficiency.

Scenario D

Change production schedules.

Scenario E

Install carbon-capture technologies.

The organisation can compare expected emissions reductions and costs.

22. Carbon Abatement Curves

AI can help rank carbon-reduction opportunities based on:

- Emissions reduction.
- Capital cost.
- Operating cost.
- Payback period.
- Technical feasibility.

This can create dynamic carbon-abatement portfolios.

23. Marginal Abatement Cost

Decarbonisation decisions should consider the cost of reducing each additional unit of emissions.

An intelligent system can compare:

Investment Cost ÷ Expected CO₂e Reduction

to prioritise economically attractive interventions.

24. Industrial Carbon Capture

Carbon capture technologies can potentially reduce emissions from difficult-to-abate industrial processes.

AI can support:

- Process optimisation.
- Capture efficiency.
- Energy optimisation.
- Equipment monitoring.

25. Carbon Capture and Storage

Carbon capture and storage involves:

CO₂ Capture → Compression → Transport → Geological Storage

AI can support monitoring and optimisation across the chain.

26. Carbon Capture and Utilisation

Captured carbon dioxide can potentially be used as an input for certain industrial processes.

Potential applications include:

- Chemicals.
- Fuels.
- Building materials.

However, the overall lifecycle carbon impact must be evaluated.

27. Industrial Heat Decarbonisation

Industrial heat is difficult to decarbonise in many sectors.

Potential strategies include:

- Electrification.
- Heat pumps.
- Renewable fuels.
- Waste-heat recovery.
- Process redesign.

AI can identify optimal combinations.

28. Waste Heat Recovery

Industrial processes often produce recoverable heat.

AI can optimise:

- Heat recovery.
- Storage.
- Heat transfer.
- Process integration.

This can reduce both energy use and emissions.

29. Supply-Chain Carbon Intelligence

Carbon management should extend beyond factory boundaries.

AI can analyse supplier information to estimate:

- Material emissions.
- Transportation emissions.
- Supplier energy profiles.
- Product-level carbon footprints.

30. Supplier Carbon Management

Organisations can use supplier data to identify:

- High-emission suppliers.
- Low-carbon alternatives.
- Opportunities for supplier engagement.

This supports strategic Scope 3 reduction.

31. Carbon-Aware Procurement

Procurement systems can incorporate carbon metrics alongside:

- Price.
- Quality.
- Delivery time.
- Reliability.

A purchasing decision can therefore consider:

Cost + Carbon + Risk + Quality

32. Logistics Optimisation

AI can optimise:

- Transport routes.
- Vehicle utilisation.
- Load consolidation.
- Delivery schedules.

This can reduce transportation emissions.

33. Product Carbon Footprinting

AI can automate product-level carbon calculations by integrating:

- Bill-of-materials data.
- Energy consumption.
- Manufacturing information.
- Logistics.
- Supplier data.

This can support more granular carbon management.

34. Carbon Data Quality

AI is only as reliable as the data available to it.

Common data problems include:

- Missing values.
- Inconsistent units.
- Duplicate records.
- Outdated emission factors.
- Incomplete supplier information.

Data governance is therefore fundamental.

35. Industrial Data Interoperability

Industrial organisations often operate multiple systems.

Examples include:

- ERP.
- MES.
- SCADA.
- IoT.
- CRM.
- Energy-management systems.

Integrating these systems is necessary for comprehensive carbon intelligence.

36. Carbon Data Governance

An effective governance framework should define:

- Data ownership.
- Data quality standards.
- Measurement frequency.
- Calculation methodologies.
- Audit processes.
- Access controls.

37. AI Explainability

Carbon-management decisions can affect major investments.

Therefore, organisations need to understand why an AI model recommends a particular intervention.

Explainable AI can provide:

- Feature importance.
- Decision rationale.
- Scenario comparison.
- Confidence levels.

38. AI Energy Consumption

AI itself requires computing resources.

Large AI systems can consume significant:

- Electricity.
- Data-centre capacity.
- Cooling resources.

Therefore, intelligent carbon management must also consider the carbon footprint of AI infrastructure.

39. Green AI

Green AI focuses on improving the efficiency of AI systems.

Approaches include:

- Smaller models.
- Efficient algorithms.
- Model compression.
- Hardware optimisation.
- Renewable-powered computing.

The objective is:

More Intelligence per Unit of Energy

40. Carbon-Aware AI Infrastructure

AI workloads can potentially be scheduled according to:

- Renewable-energy availability.
- Grid carbon intensity.
- Data-centre efficiency.

This connects AI operations with carbon-aware computing.

41. Carbon Digital Thread

A carbon digital thread connects carbon information across the product lifecycle.

It may include:

Raw Material → Manufacturing → Distribution → Use → End of Life

This creates a lifecycle view of emissions.

42. Lifecycle Assessment

Lifecycle assessment can evaluate environmental impacts across product lifecycles.

AI can accelerate parts of the process by:

- Automating data collection.
- Estimating missing values.
- Comparing scenarios.

- Identifying high-impact processes.

43. Carbon Management in Manufacturing

Manufacturing facilities can develop integrated carbon dashboards combining:

- Energy.
- Production.
- Equipment.
- Material consumption.
- Waste.
- Emissions.

This makes carbon performance part of operational management.

44. Carbon Management in Buildings

AI can optimise building systems such as:

- HVAC.
- Lighting.
- Cooling.
- Ventilation.

It can use occupancy and weather information to minimise energy consumption while maintaining comfort.

45. Transportation Decarbonisation

AI can support:

- Electric fleet optimisation.
- Route planning.
- Charging management.
- Fleet utilisation.

This enables carbon-aware mobility.

46. Carbon Management in Heavy Industry

Industries such as:

- Steel.
- Cement.
- Chemicals.
- Refining.

face particularly difficult decarbonisation challenges.

AI can help optimise processes while supporting transitions toward lower-carbon technologies.

47. Cement Industry

Cement production generates substantial emissions.

AI can support:

- Kiln optimisation.
- Fuel optimisation.
- Alternative materials.
- Predictive maintenance.
- Carbon-capture operations.

48. Steel Industry

AI-enabled optimisation can support:

- Energy efficiency.
- Furnace operations.
- Scrap utilisation.
- Process control.

Decarbonisation can also involve electrification and low-carbon production pathways.

49. Chemical Industry

Chemical manufacturing often involves complex processes and energy requirements.

AI can optimise:

- Reaction conditions.
- Energy consumption.
- Feedstock selection.
- Process integration.

50. Industrial Symbiosis

Industrial symbiosis involves one facility using another facility's waste or by-products.

AI can identify potential relationships between:

- Waste streams.
- Energy flows.
- Material flows.

This can support circular industrial ecosystems.

51. Carbon Market Intelligence

AI can analyse carbon-market information to support:

- Carbon-price forecasting.
- Compliance planning.
- Investment decisions.
- Risk assessment.

However, market predictions should be treated as uncertain rather than guaranteed.

52. Carbon Credits and Offsetting

Carbon offsets may play a role in some transition strategies, but they should not replace direct emissions reduction.

A strong hierarchy is:

Avoid → Reduce → Substitute → Remove → Offset Residual Emissions

53. Carbon Removal

AI can support emerging carbon-removal systems through:

- Site selection.
- Monitoring.
- Performance optimisation.
- Verification.

Potential approaches include:

- Direct air capture.
- Bioenergy with carbon capture.
- Enhanced weathering.
- Nature-based carbon removal.

54. Measurement, Reporting and Verification

Reliable carbon management requires credible measurement and verification.

AI can assist with:

- Automated data validation.
- Anomaly detection.
- Emissions reconciliation.
- Audit preparation.

55. Preventing Greenwashing

Digital carbon systems can improve transparency.

However, AI-generated sustainability claims should not automatically be treated as reliable. Independent verification remains important.

56. Intelligent Carbon Management Framework

The proposed framework contains five layers:

Layer 1 — Data Acquisition

Sensors, meters, ERP, IoT, supplier and logistics data.

Layer 2 — Carbon Intelligence

Carbon accounting, emission factors and data validation.

Layer 3 — Predictive Analytics

Forecasting, anomaly detection and scenario analysis.

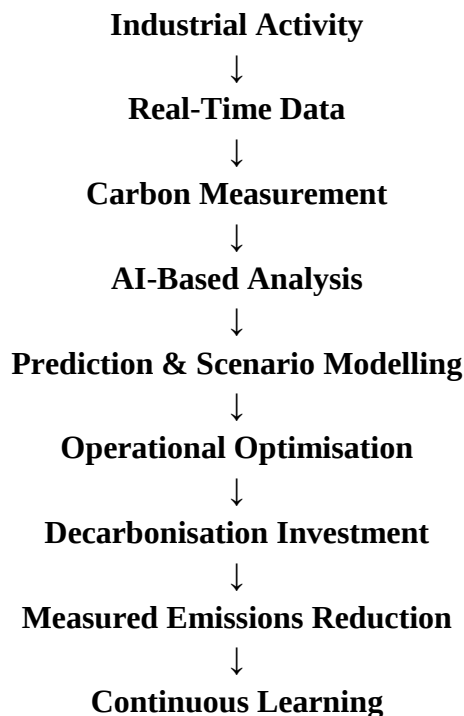
Layer 4 — Optimisation

Energy, production, logistics and resource optimisation.

Layer 5 — Decarbonisation Strategy

Investment planning, technology selection and long-term transition.

57. Conceptual Model



The final stage feeds new information back into the system.

58. Carbon Intelligence Maturity Model

Level	Capability
Level 1	Annual carbon reporting
Level 2	Digital carbon accounting
Level 3	Integrated operational carbon monitoring
Level 4	Predictive carbon intelligence
Level 5	Autonomous carbon-aware optimisation

59. Key Performance Indicators

Organisations can monitor:

KPI	Purpose
Total CO ₂ e	Overall emissions
Carbon intensity	Operational efficiency
Energy intensity	Energy performance
Renewable-energy share	Energy transition
Scope 1 emissions	Direct emissions
Scope 2 emissions	Purchased-energy emissions
Scope 3 emissions	Value-chain emissions
Abatement cost	Investment efficiency
Avoided CO ₂ e	Impact of interventions
AI energy consumption	Digital sustainability

60. Implementation Roadmap

Phase 1: Measure

Establish reliable carbon data.

Phase 2: Integrate

Connect industrial and sustainability systems.

Phase 3: Analyse

Apply AI and advanced analytics.

Phase 4: Optimise

Implement carbon-aware operational decisions.

Phase 5: Transform

Invest in structural decarbonisation.

Phase 6: Continuously Improve

Use real-world results to refine models.

61. Organisational Capabilities

Successful implementation requires:

- Data governance.
- AI expertise.
- Carbon-accounting knowledge.
- Industrial engineering.
- Sustainability leadership.
- Change management.

Technology alone cannot deliver decarbonisation.

62. Challenges

Major challenges include:

1. Poor data quality.
2. Fragmented industrial systems.
3. Incomplete Scope 3 information.
4. Lack of interoperability.
5. AI model uncertainty.
6. Cybersecurity risks.
7. High implementation costs.
8. Skills shortages.
9. Regulatory complexity.
10. Risk of greenwashing.

63. Future Research Directions

Future research should investigate:

- Autonomous carbon-management systems.
- AI-based industrial decarbonisation.
- Carbon-aware digital twins.
- AI-enabled Scope 3 estimation.
- Product-level carbon intelligence.
- Carbon-aware supply-chain optimisation.
- AI for carbon capture.
- Green AI infrastructure.
- Industrial carbon digital threads.
- Real-time carbon markets.

64. Discussion

The transition from conventional carbon reporting to intelligent carbon management represents a significant change in how organisations approach decarbonisation.

Traditional approaches often treat carbon as a reporting metric.

The intelligent approach treats carbon as an operational variable.

This means emissions can become part of decisions concerning:

- Production.
- Procurement.
- Maintenance.
- Energy.
- Logistics.
- Investment.

AI is particularly valuable because industrial systems are highly complex and continuously changing.

However, AI should not be treated as a substitute for organisational strategy.

An accurate AI model cannot compensate for:

- Poor data.
- Weak governance.
- Incorrect emission factors.
- Unrealistic reduction targets.
- Lack of investment.

65. Strategic Implications

Organisations should move toward a model in which carbon management is integrated with enterprise decision-making.

Instead of maintaining a separate sustainability reporting function, carbon information can increasingly become part of:

Operations + Finance + Procurement + Engineering + Strategy

This can make decarbonisation a measurable business process.

66. Managerial Recommendations

Managers should:

1. Build a unified carbon-data architecture.
2. Connect sustainability data with operational systems.
3. Establish real-time emissions monitoring where practical.
4. Apply AI to forecasting and anomaly detection.
5. Develop carbon-aware production strategies.
6. Integrate Scope 3 data into procurement.
7. Use digital twins for investment scenarios.
8. Track the energy footprint of AI systems.
9. Establish independent verification mechanisms.
10. Link executive performance indicators to measurable emissions reductions.

67. Policy Implications

Policymakers can support intelligent carbon management by encouraging:

- Standardised emissions data.

- Digital reporting infrastructure.
- Interoperable sustainability systems.
- Reliable carbon-accounting methodologies.
- Industrial AI research.
- Clean-energy deployment.
- Carbon-data transparency.

Policy should encourage innovation while preventing misleading sustainability claims.

68. Conclusion

Intelligent carbon management represents the next stage in the evolution of industrial decarbonisation.

The fundamental transformation is from:

Measure → Report

to:

Measure → Understand → Predict → Optimise → Reduce

Artificial intelligence can provide the analytical capabilities required to transform industrial data into actionable carbon intelligence.

When integrated with IoT sensors, enterprise systems, digital twins, lifecycle assessment, renewable-energy platforms, and supply-chain information, AI can help organisations identify where emissions originate and determine which interventions are likely to produce the greatest environmental and economic benefits.

Nevertheless, intelligent carbon management must be grounded in high-quality data, transparent methodologies, robust governance, cybersecurity, and independent verification.

The long-term opportunity is to create carbon-aware industrial ecosystems in which emissions are continuously measured and incorporated into everyday operational decisions.

The resulting model can be expressed as:

Industrial Data + AI + Carbon Intelligence + Operational Optimisation + Strategic Decarbonisation = Intelligent Carbon Management

Such systems can help organisations move beyond sustainability reporting toward continuous, data-driven and economically informed decarbonisation.

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