

California Climate Reporting Laws: Ninth Circuit Issues Partial Injunction and CARB Provides New Guidance as Compliance Deadlines Rapidly Approach

November 19, 2025

On November 18, with the initial reporting deadline of January 1, 2026 rapidly approaching under California's climate reporting law [SB 261](#) (the Climate-related Financial Risk Act), the U.S. Court of Appeals for the Ninth Circuit granted a motion for injunction pending appeal of the law. On the same day, the California Air Resources Board ("CARB") proceeded with its third [Virtual Public Workshop](#) to provide guidance and updates on implementation of both SB 261 and [SB 253](#) (the Climate Corporate Data Accountability Act).¹ Below, we provide a summary of the legal challenges and of the agency guidance.

Legal Challenges to Climate Reporting Laws

Both SB 261 and SB 253 have been subject to ongoing legal challenge, originally brought in 2024 in the U.S. District Court for the Central District of California by the U.S. Chamber of Commerce, the California Chamber of Commerce, the American Farm Bureau Federation, the Los Angeles County Business Federation, the Central Valley Business Federation, and the Western Growers Association. The plaintiffs allege that the laws violate their First Amendment rights by infringing on their right to remain silent and compelling speech on the controversial issue of climate change. On August 13, a California federal judge had [denied](#) the plaintiffs' motion for preliminary injunction, but on November 18, the U.S. Court of Appeals for the Ninth Circuit [granted](#) the motion preliminarily enjoining SB 261 in respect of the plaintiffs. The motion was denied as to SB 253, presumably because the Court will have issued a merits-based decision on both California laws before initial SB 253 reports are due on August 10, 2026. During the workshop, CARB representatives were asked whether the agency would stay application of SB 261 as to all reporting entities, or consider delaying the reporting date until after oral arguments (scheduled for January 9, 2026, after initial SB 261 reports are due), but declined to offer a response.

In addition, last month a large oil and gas company [filed](#) a similar lawsuit in the U.S. District Court for the Eastern District of California against SB 253 and SB 261 alleging similar arguments. On October 29, the company [filed](#) a motion for a preliminary injunction, and on November 4 sought a motion for a temporary restraining order against SB 261. The court is scheduled to hear arguments on both motions on December 4. Finally, on November 10, four businesses, including the U.S. Chamber of Commerce [filed](#) an emergency

¹ Please see pages 5 and 7 for a detailed summary of the laws and their requirements.

application to the Supreme Court of the United States asking for the court to block enforcement of both SB 253 and SB 261. We are carefully monitoring the implications of these proceedings.

Key Takeaways from CARB's Public Workshop

As the Ninth Circuit's decision was being released, CARB staff hosted a third virtual public workshop updating guidance on implementation of the climate reporting laws. While CARB is still in the process of drafting initial regulations, expected to be released in the first quarter of 2026, its staff communicated important updates on proposed timing and new draft concepts relating to implementation of both SB 253 and SB 261.

- Scoping Definitions: CARB staff provided additional guidance on the definition of "revenue" for purposes of scoping under both SB 261 and SB 253, including introducing a rolling two-year revenue threshold.
 - o "Revenue." In response to public comments and review, CARB staff plans to propose a definition of "revenue" as gross amounts realized as set forth in the California Revenue and Taxation Code ("RTC") [Section 25120\(f\)\(2\)](#), which can be verified through California Franchise Tax Board tax filings. When testing for whether the revenue threshold is met, CARB staff indicated that an entity should use the **lesser** of the entity's prior two fiscal years of revenue.
 - o "Doing business in California." Consistent with guidance from CARB's August workshop, staff plan to propose to the CARB Board a definition that covers companies which are (a) actively engaging in any transaction for the purpose of financial or pecuniary gain or profit ([RTC Section 23101\(a\)](#)); **and** (b) during any part of the reporting year, are either (i) organized or domiciled in the state, or (ii) have sales in the state above the inflation-adjusted thresholds of approximately \$735,000 (2024), or 25% of the taxpayer's total sales.
 - o CARB included in its public workshop materials two flowcharts to support scoping analysis under SB 261 and SB 253, which are included here on pages 6 and 8.
- SB 253 Reporting Deadline: CARB staff plan to propose to the CARB Board an initial reporting deadline for Scope 1 and Scope 2 greenhouse gas emissions of **August 10, 2026**.² Reporting will not be required to be submitted via a specific reporting template.
- SB 253 Assurance: Limited assurance **will not** be required for initial SB 253 reports (Scope 1 and 2 emissions) due in 2026, though companies that have chosen to seek assurance are encouraged to provide documentation.
- SB 253 "Good-Faith" Reporting: CARB staff continued to emphasize their focus on good-faith reporting under SB 253, and during the workshop staff urged companies to "report what they can." Companies developing separate annual reports that include information on Scope 1 and 2 emissions may submit those reports to CARB for purpose of SB 253 reporting for the initial period.
 - o Expanding upon an [Enforcement Notice](#) issued December 5, 2024, CARB staff clarified that a reporting entity that was **not collecting emissions data** (or was not planning to collect such data) as of the date the Enforcement Notice was issued is not expected to submit Scope 1 and 2

² For reporting entities with a fiscal year ending between January 1 and February 1, 2026, the entity must report data from the fiscal year ending in 2026. For reporting entities with a fiscal year ending between February 2 and December 31, 2026, the entity must report data from the fiscal year ending in 2025. Each entity will have at least six months after its fiscal year end to submit its report.

reporting data in 2026. Entities that do not so report must submit a statement on company letterhead to CARB explaining their reasoning.

- **SB 261 Reporting Deadline:** Absent application of the injunction granted by the Ninth Circuit, in-scope entities are required to post initial SB 261 reports to company websites by **January 1, 2026**, the statutory deadline, notwithstanding the extended timeline for CARB's issuance of regulations. CARB staff reiterated that each entity is responsible for determining whether it is in scope of SB 261 ahead of the pending deadline.
 - In-scope entities are required to also post a link to their reports on CARB's public docket, which will open on December 1, 2025 and remain open until **July 1, 2026**. Data in SB 261 reports will be treated as final for compliance evaluation purposes once initially uploaded to the docket.
- **SB 261 Reporting Requirements:** CARB has posted updated [FAQ](#) and targeted updates to a [SB 261 Checklist](#) released on its website on November 17 to guide companies on their initial SB 261 reporting. During the November workshop and in its presentation, CARB staff indicated that climate-based financial risk reports under SB 261 should include (i) a statement as to which framework is being applied (Task Force on Climate-related Financial Disclosures (TCFD) recommendations, IFRS Disclosure Standards or other national or exchange requirements), (ii) a discussion of which recommendations and disclosures from the relevant framework have been included, and (iii) a short summary of why certain recommendations have not been included, and any plans for future disclosures.
- **Reporting Fees:** For certainty and simplicity regarding implementation, CARB is still pursuing an annual flat fee per regulated entity. Entities with more than \$1 billion in revenue that are subject to SB 253 and SB 261 must pay both fees. Any subsidiary filing parent company reports will be subject to a separate entity fee. Parent companies may pay their own fees and their subsidiaries' fees in one combined payment. CARB staff have proposed a SB 253 and SB 261 fee assessment date of **September 10, 2026**.
- **Scope 3 Reporting:** CARB is seeking feedback on which of the 15 Scope 3 categories are most used by companies today and/or most helpful for investors and consumers. Companies that wish to submit feedback or provide input on Scope 3 categories can submit comments [here](#).

Next Steps for Companies

As we await further clarity on the application of the Ninth Circuit's ruling, as well as formal rulemaking from CARB, companies expecting to be in scope of the laws should continue efforts to prepare for compliance.

- With respect to scoping, companies should assume CARB's implementing regulations will not differ materially from the staff proposals outlined on November 18 and contact their counsel for assistance in conducting an initial scoping exercise.
- For purposes of SB 261 reporting, companies that are likely to be in scope should take steps to prepare now, leveraging the TCFD framework (or an equivalent) as a guide, including examining, implementing or revising governance structures and risk management processes in order to demonstrate proper analysis and oversight of climate risks.
 - Companies that have not engaged with experts on report preparation may consider preparing disclosures in-house or with the help of their external counsel.
- To prepare for emissions reporting under SB 253, companies already collecting data to support Scope 1 and 2 emissions as of December 31, 2024 should continue to collect that information.

CARB continues to emphasize its desire for stakeholder feedback and comment. A public docket will be opened for the 45-day comment period associated with publication of the notice package for initial rulemaking. Companies that wish to stay engaged and notified of future public workshops and updates can sign up [here](#).

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** In April 2025, Simpson Thacher announced plans to expand its Bay Area presence with an office in San Francisco.*

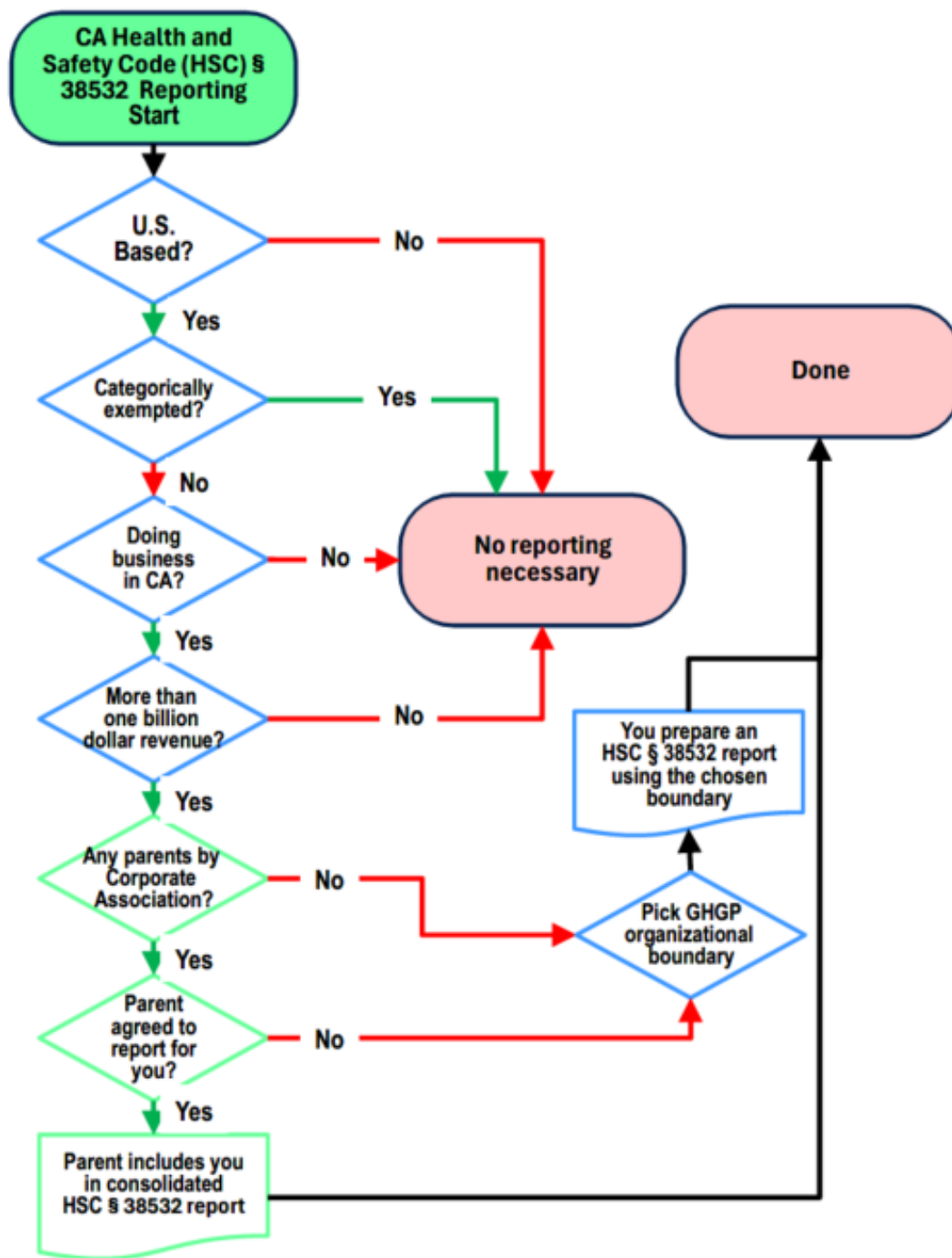
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Key Requirements of California SB 253: Climate Corporate Data Accountability Act (as amended by SB 219)

Covered Entities	U.S.-based corporations, partnerships, LLCs and other business entities formed under the laws of California, any other U.S. state or the District of Columbia, or under an act of Congress that (i) are “doing business” in CA and (ii) have more than \$1B annual revenue “Doing business” to be defined in regulation, but staff proposal would consider an entity to be “doing business” in California if it does any of the following: • Is organized or commercially domiciled in California; • Has California sales exceeding an annual threshold amount (for the 2024 tax year, \$735,019)
Reporting Requirements	Annual disclosure required as follows: 2026: Scope 1 & 2 GHG emissions for prior fiscal year 2027 - 2029: Scope 1 & 2 GHG emissions for prior fiscal year with limited assurance; Scope 3 GHG emissions for prior fiscal year 2030 and after: Scope 1 & 2 GHG emissions for prior fiscal year with reasonable assurance; Scope 3 GHG emissions for prior fiscal year with limited assurance Specific reporting deadlines (dates) to be determined by CARB; proposed to be Aug. 10 for initial reports Consolidated reporting permitted at parent level
Reporting Standard	“Scope 1 emissions” defined as all direct GHG emissions that stem from sources that a reporting entity owns or directly controls, regardless of location, including, but not limited to, fuel combustion activities “Scope 2 emissions” defined as indirect GHG emissions from consumed electricity, steam, heating, or cooling purchased or acquired by a reporting entity, regardless of location “Scope 3 emissions” defined as indirect upstream and downstream GHG emissions, other than scope 2 emissions, from sources that the reporting entity does not own or directly control and may include, but are not limited to, purchased goods and services, business travel, employee commutes, and processing and use of sold products Reporting is required to be in conformance with the Greenhouse Gas Protocol (“GHG Protocol”) standards and related guidance, which includes information on topics such as setting operational and organizational boundaries, identifying and calculating emissions, accounting for reductions and other sources³ After 2033, CARB may adopt another globally recognized alternative accounting and reporting standard
Publication	Publicly disclose to CARB or to an emissions reporting organization (if one is contracted by CARB) Public report to be issued by emissions reporting organization, if contracted, or CARB
Administration/Enforcement	Reporting entities must pay an annual fee to CARB (to be set out in regulation) CARB to adopt regulations authorizing it to seek administrative penalties for non-filing, late filing or other reporting-related failures Penalties imposed on a reporting entity may not exceed \$500,000 in a reporting year

³ The GHG Protocol is currently revising the Corporate Accounting and Reporting Standard, Guidance on Scope 2 Emissions and Scope 3 Standard and Scope 3 Calculation Guidance to incorporate public feedback on its current standards and potential new guidance, with revised texts expected to be released in 2025, and final standards and guidance expected in the latter half of 2026. Public feedback was invited from November 2022 through March 2023, and the GHG Protocol has since released corresponding survey and proposal summary reports.

CARB Virtual Public Workshop Materials: Corporate GHG Reporting Flowchart⁴

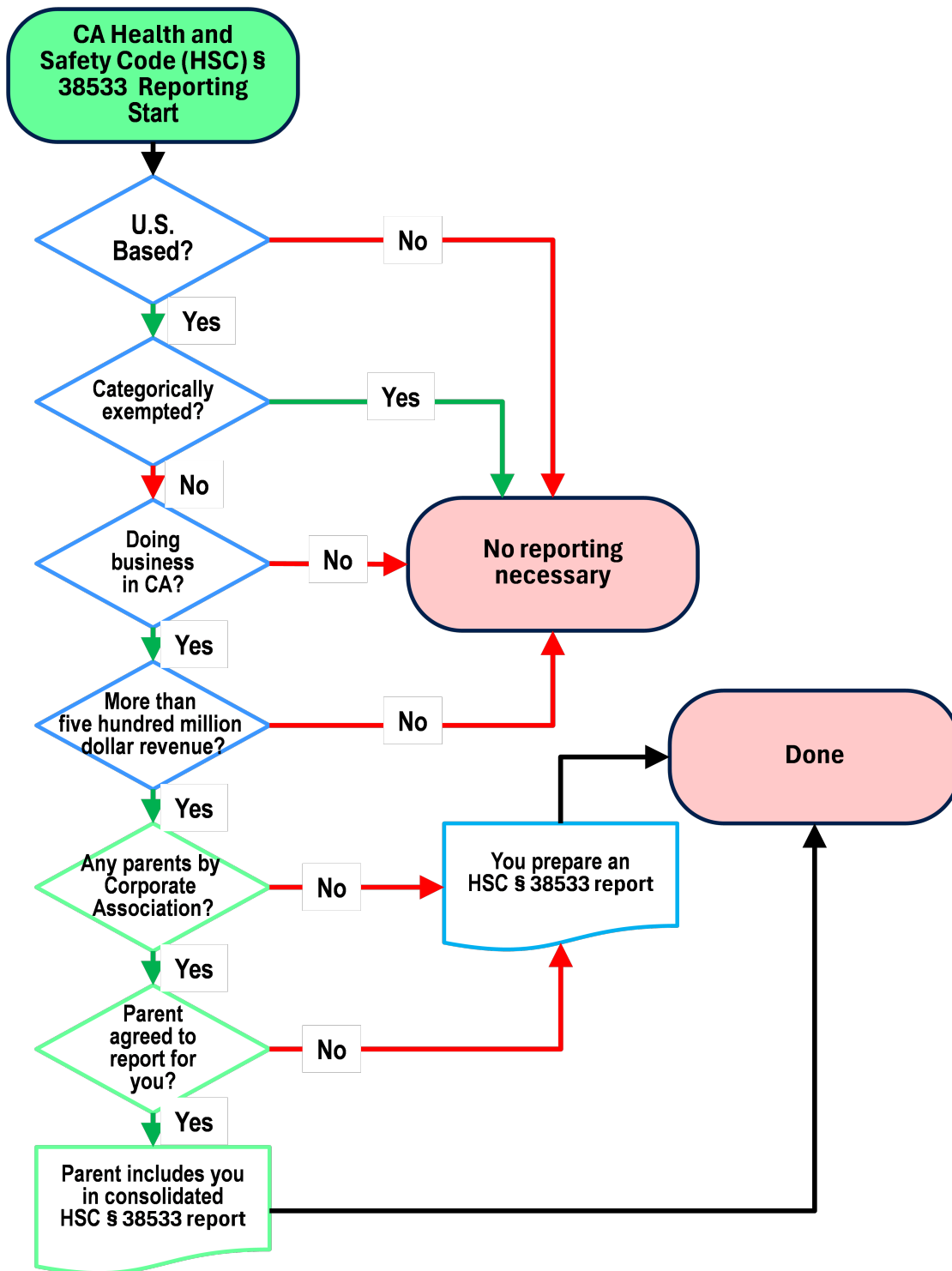


⁴ Included in CARB's public workshop materials to support scoping analysis under SB 253.

Key Requirements of California SB 261: Greenhouse Gases: Climate-Related Financial Risk (as amended by SB 219)

Covered Entities	U.S.-based corporations, partnerships, LLCs and other business entities formed under the laws of California, any other U.S. state or the District of Columbia, or under an act of Congress that (i) are “doing business” in CA and (ii) have more than \$500M annual revenue (based on prior fiscal year) Insurance companies are excluded See SB 253 above for a discussion of the “doing business” in CA requirement
Reporting Requirements	Disclose (i) its climate-related financial risk, determined in accordance with the TCFD (as discussed below) and (ii) measures adopted to reduce and adapt to climate-related financial risk First reports must be made available on or before January 1, 2026 and every two years thereafter. Substituted compliance available for publicly-available reports prepared pursuant to other law, regulation or listing requirement that incorporates consistent requirements, including IFRS Sustainability Disclosure Standards Consolidated reporting permitted at parent level
Reporting Standard	Report climate-related financial risk in accordance with the recommended framework and disclosures contained in the Task Force on Climate-related Financial Disclosures (“TCFD”), IFRS Disclosure Standards or a report developed in accordance with any regulated exchange, national government, or other governmental entity. The TCFD recommendations are structured around four thematic “pillars” as follows: (1) Governance: Disclose the governance around climate-related risks and opportunities (a) Describe the board’s oversight of climate-related risks and opportunities (if the reporting entity has a Board) (b) Describe management’s role in assessing and managing climate-related risks and opportunities (2) Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the reporting entity’s business, strategy and financial planning (a) Describe the climate-related risks and opportunities that have been identified over the short, medium, and long term (b) Describe the impact of climate-related risks and opportunities on businesses, strategy, and financial planning (c) Describe the resilience of the strategy, taking into consideration different climate-related scenarios (3) Risk Management: Disclose how the entity identifies, assesses and manages climate-related risks and opportunities (a) Describe the processes for identifying and assessing climate-related risks (b) Describe the processes for managing those risks (c) Describe how those are integrated into overall risk management (4) Metrics and Targets: Disclose metrics and targets used to assess and manage climate-related risks and opportunities (a) Disclose the metrics used to assess climate-related risks and opportunities in line with its strategy and risk management process (b) Describe the targets used to manage climate-related risks and opportunities, and performance against those targets
Publication	Make publicly available on reporting entity’s website and post link on CARB’s public docket
Administration/Enforcement	Reporting entities must pay an annual fee to CARB (to be set out in regulation) CARB to adopt regulations authorizing it to seek administrative penalties for non-filing, late filing or other reporting-related failures Penalties imposed on a reporting entity may not exceed \$50,000 in a reporting year

CARB Virtual Public Workshop Materials: Climate-Related Financial Risk – Reporting Flowchart⁵



⁵ Included in CARB’s public workshop materials to support scoping analysis under SB 261.