

SEC Reporting & Compliance Alert

August 19, 2025

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One Manhattan West
New York, NY 10001
212.735.3000

1440 New York Ave., NW
Washington, DC 20005
202.371.7000

Injunction To Block California Environmental Disclosure Laws Denied

Executive Summary

- **What is new:** A district court refused to grant an injunction sought by business groups to block enforcement of two California laws that require some companies to disclose greenhouse gas emissions and climate-related risks.
- **Why it matters:** The laws, California Senate Bills 253 (Climate Corporate Data Accountability Act) and 261 (Greenhouse Gases: Climate-Related Financial Risk) are scheduled to go into effect in 2026.
- **What to do next:** Companies subject to the laws should continue to plan for the deadline to file climate-related financial risk reports under SB 261 on January 1, 2026, as well as for compliance with SB 253 later in 2026.

On August 13, 2025, the District Court for the Central District of California denied a motion for a preliminary injunction filed by several business groups challenging California Senate Bills 253 ([Climate Corporate Data Accountability Act](#)) and 261 ([Greenhouse Gases: Climate-Related Financial Risk](#)), which require certain companies to publicly disclose their greenhouse gas emissions and climate-related financial risks.¹

The plaintiffs, including the U.S. Chamber of Commerce, the California Chamber of Commerce, the American Farm Bureau Federation and other business groups, filed suit against the California Air Resources Board (CARB) in January 2024. The business groups challenged SB 253 and SB 261 on multiple grounds, including the First Amendment, federal preemption and extraterritoriality. Early in the case, the court dismissed the Supremacy Clause and extraterritoriality claims and deferred a motion for summary judgment on the First Amendment claim until after discovery.

Subsequently, the business groups sought a preliminary injunction to block enforcement of SB 253 and SB 261 on First Amendment grounds.

The court denied the injunction, holding that the disclosure requirements are reasonably related to substantial government interests, including providing investors with reliable information. While it found that SB 253 and SB 261 regulate commercial speech and are subject to First Amendment scrutiny, it concluded that the business groups are unlikely to succeed on the merits of their facial First Amendment challenge. As a result, SB 253 and SB 261 will remain in effect while the litigation continues.

¹ We discussed the proposed legislation in our October 28, 2024, client alert "[State of Play: California Amends Climate Disclosure Rules](#)" and our September 26, 2023, client alert "[California Poised to Adopt Sweeping Climate Disclosure Rules](#)."

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The denial of the preliminary injunction may be appealed immediately under 28 U.S.C. §1292(a)(1). However, filing an appeal would not stay the effectiveness of the laws, absent further judicial or legislative action specifically delaying the statutory deadlines.

Consequently, companies should continue to proactively plan for the deadline to file climate-related financial risk reports under SB 261 on **January 1, 2026**, as well as prepare for compliance under SB 253 for later in 2026. In addition, companies should continue to closely monitor for regulatory developments and additional CARB guidance.

Contacts

Brian V. Breheny

Partner / Washington, D.C.
202.371.7180
brian.breheny@skadden.com

Raquel Fox

Partner / Washington, D.C.
202.371.7050
raquel.fox@skadden.com

Virginia F. Milstead

Partner / Los Angeles
213.687.5592
virginia.milstead@skadden.com

Andrew J. Brady

Of Counsel / Washington, D.C.
202.371.7513
andrew.brady@skadden.com

Caroline S. Kim

Counsel / Washington, D.C.
202.371.7555
caroline.kim@skadden.com

Liz Malone

Counsel / Washington, D.C.
202.371.7239
elizabeth.malone@skadden.com

Joshua Shainess

Counsel / Washington, D.C.
202.371.7594
joshua.shainess@skadden.com

Leo W. Chomiak

Associate / Washington, D.C.
202.371.7511
leon.chomiak@skadden.com

Jeongu Gim

Associate / Washington, D.C.
202.371.7223
jeongu.gim@skadden.com

Nicholas D. Lamparski

Associate / Washington, D.C.
202.371.7323
nicholas.lamparski@skadden.com

Khadija L. Messina

Associate / Chicago
312.407.0116
khadija.messina@skadden.com

Sarah Pak

Associate / Washington, D.C.
202.371.7315
sarah.pak@skadden.com

Sydney E. Smith

Associate / Washington, D.C.
202.371.7333
sydney.smith@skadden.com

Kyle Wiley

Associate / Washington, D.C.
202.371.7351
kyle.wiley@skadden.com