



Socially Responsible Investing – Feeling Good About Our Investments: Part V – Industrials and Transportation

Description

Continuing with our series ([Part I](#), [Part II](#), [Part III](#), [Part IV](#)) about socially responsible investing, we move on to the industrial and transportation industries.

As a reminder, socially responsible investing means investing in companies that combine strong financial performance with positive social, environmental, and governance performance.

Among the questions that need to be addressed when determining if a company qualifies as a socially responsible investment are (1) does the company respect human rights and workers' safety? (2) do the company's activities have a negative impact on land, air or water? and (3) how is the company run, or more specifically, is there diversity among the board of directors, independence and executive compensation that is reasonable?

Back in June, Sustainalytics, a global sustainability research firm, partnered with Maclean's to release their list of Canada's most socially responsible corporations. Considering that socially responsible investment assets increased 16% in 2012 and now represents 20% of assets under management in Canada, this list will definitely come in handy for many investors.

Let's take a look at Canadian companies in the industrial and transportation industries who make the grade and have proven to be socially responsible.

Bombardier Inc. (TSX: BBD)

According to Sustainalytics, Bombardier made the list for the following reasons:

(1) Won an international innovation award for its "TrackSafe Technology," which increases the safety and productivity of railway track workers.

(2) Encourages employees to submit energy-efficiency and emission-reduction project ideas to its Green Fund. The company's transportation division plans to launch approximately 400 Green Fund projects in an effort to achieve carbon neutrality by 2020.

Although Bombardier has been struggling with product delays and weaker than expected financial results recently, the company has a very strong backlog of orders and benefits from diversification in that it is in the transportation business as well as the aerospace business.

Canadian National Railway (TSX: CNR; NYSE:CNI)

According to Sustainalytics, CN made the list for the following reasons:

- (1) Integrating hybrid and alternative fuel vehicles into its fleet, which are up to 20 per cent more fuel-efficient, producing 40 per cent fewer nitrogen oxides.
- (2) Provides customers with web-based carbon emissions and carbon credit calculators to estimate the environmental impact of their rail shipments.

Canadian National Railway has long held the title of having the lowest operating ratio (operating expenses divided by operating revenue) among its peers. In its latest quarter, profit increased 11%. Revenue increased 5% largely off of the increase for petroleum and chemicals products.

The Bottom Line

For the socially conscious investor, companies that have been able to deliver strong financial performance on top of adopting a socially responsible culture are a great find. We have seen several examples here in the industrials, and transportation industries.

One of Canada's best companies is represented on this list. To learn more about it, as well as receiving a run-down on 4 more equally great Canadian companies, [click here now](#) and we'll send you "**5 Stocks to Replace Your Canadian Index Fund**". One of the 5 just got taken over at a huge premium! [Click here now](#) to learn more about the remaining 4 names.

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Fool contributor Karen Thomas does not own shares in any of the companies mentioned above. David Gardner owns shares of CN Rail. The Motley Fool does not own shares in any of the companies mentioned above.

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TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:BBD.B (Bombardier)
3. TSX:CNR (Canadian National Railway Company)

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