



## TFSA Value Picks: 1 Transportation Stock Building a Sustainable Future

### Description

**Canadian Pacific Railway** ([TSX:CP](#))([NYSE:CP](#)) owns and [operates a transcontinental freight railway](#) in Canada and the United States (U.S.). CP provides rail and intermodal transportation services over a network of approximately 13,000 miles, directly serving the principal business centres of Canada. CP's railway network feeds directly into the U.S. heartland from the east and west coasts.

Agreements with other carriers extend the company's market reach in Canada, through the U.S., and into Mexico. CP transports bulk commodities, merchandise freight, and intermodal traffic. CP provides efficient and consistent transportation solutions for the company's customers. The company focuses on providing a reliable product with a lower-cost operating model.

### Centralized planning

Further, the company adopts centralized planning [aligned with local execution](#), which helps bring the company closer to the customer and accelerate decision-making. CP focuses on controlling and removing unnecessary costs from the organization, eliminating bureaucracy and identifying productivity enhancements. Through longer and heavier trains, and improved asset utilization, the company is moving increased volumes with fewer locomotives and cars while unlocking capacity for future growth potential.

Each year, CP safely moves millions of carloads of freight across North America while ensuring the safety of the communities through which it operates. CP strives for continuous implementation of state-of-the-art safety technology, safety management systems, and safety culture with the company's employees to ensure safe, efficient operations across CP's network.

### Executing a long-term strategy

Every CP employee is considered a railroader by the company, which has established a culture focused on values of accountability, diversity, and pride. Starting in 2012, CP transformed the company's operations by investing in the network and executing a precision scheduled railroading

model that lowers costs, optimizes assets, and provides better, more competitive service.

Today, CP continues to apply a long-term strategy to leverage the company's lower cost base, network strengths and improved service to drive sustainable, profitable growth. While the accomplishments during the turnaround were tremendous, CP's journey to become North America's best-performing rail carrier is far from over. As a company, CP appears focused on the company's next level of service, productivity, and innovation to continue to generate sustainable value for CP's customers and results for CP's shareholders.

## Building a sustainable future

In 2020, CP acquired full ownership of the Detroit River Tunnel Partnership, which owns a 1.6-mile rail tunnel linking Windsor, Ontario, and Detroit, Michigan. The purchase price for the transaction was approximately \$398 million. The acquisition will reduce CP's operating costs related to movements through the tunnel while further integrating the eastern part of the company's network.

Recently, CP announced a plan to develop North America's first line-haul hydrogen-powered locomotive. This program will retrofit a line-haul locomotive with hydrogen fuel cells and battery technology to drive the locomotive's electric traction motors. Once operational, CP will conduct rail service trials and qualification testing to evaluate the technology's readiness for the freight-rail sector. The work builds on CP's prior experience with testing low-emitting locomotive technologies, including biofuels, compressed natural gas and battery-powered solutions. This project aligns with CP's focus on finding innovative solutions to support a sustainable future.

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