Canadian Retirees: 1 Safe Dividend Income Stock to Buy and Hold Forever

Description

Canadian Pacific Railway ([TSX:CP](#))([NYSE:CP](#)) is railway freight transportation company. The company, known as CP, adopts a variety of business strategies to grow intrinsic value. These include implementing measures to minimize or prevent environmental impacts from CP's operations and facilities and to ensure compliance with applicable environmental laws and regulations.

Reducing environmental risk

Further, the company maintains an environmental management system to provide consistent, effective guidance and resources to CP employees in regards to the management of air emissions, dangerous goods and waste materials, emergency preparedness and response, petroleum products management, and water and wastewater systems. The company also [reduces environmental and safety risk](#) through business processes to identify and mitigate potential environmental impacts related to all CP operations and activities.

Also, the company ensures that new or altered operations and other business activities are evaluated, planned, permitted in accordance with applicable regulations, and executed to mitigate environmental risk. CP engages with relevant stakeholders to consider and discuss the company's environmental management practices and environmental issues and concerns associated with CP's operations.

Safe operating standards

In addition, CP employs best practices, proven technologies, and [safe operating standards](#) for activities involving elevated environmental risk. It plans and prepares for emergency responses to ensure all appropriate steps are taken in the event of a derailment, spill, or other incident involving a release to the environment.

CP employs a fuel cost-adjustment program designed to respond to fluctuations in fuel prices and help reduce volatility to changing fuel prices. The company earns fuel surcharge revenues on individual shipments and are based primarily on the price of on-highway diesel. As such, fuel surcharge revenues

are a function of freight volumes and fuel prices.

Diverse revenue sources

Fuel surcharge revenues accounted for sizeable percentage of the company's freight revenues in 2020. The company is also subject to carbon taxation systems and levies in some jurisdictions in which it operates, the costs of which are passed on to the shipper. As such, fuel surcharge revenue includes carbon taxes and levy recoveries. Fuel surcharge revenues decreased year over year due to lower fuel prices. This decrease was partially offset by the timing of recoveries from CP's fuel cost-adjustment program and increased carbon tax recoveries.

Also, non-freight revenues have been increasing annually at CP. Non-freight revenues are generated from leasing certain assets and other arrangements, including logistical services and contracts with passenger service operators, and switching fees.

Mitigating measures

The company's operations and real estate assets are subject to extensive federal, provincial, state, and local environmental laws and regulations governing emissions to the air. In addition, in operating a railway, it is possible that releases of hazardous materials during derailments or other accidents may occur that could cause harm to human health or to the environment.

CP is well aware of the costs of remediation, damages, and changes in regulations could materially affect the company's operating results, financial condition, and reputation. Several mitigating measures are in place to reduce risk at CP, which should help the stock price over the long term.

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1. Dividend Stocks
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