A Top Railroad Stock to Buy on the TSX in August 2021

Description

Canadian Pacific Railway ([TSX:CP](TSX:CP))(NYSE:CP) has pioneered the precision railroading concept. The company is one of the best-run railroads in North America, and Chief Executive Officer Keith Creel is one of the best railroaders in the world. In the transportation business, environmental incidents can significantly impair the intrinsic value of businesses and destroy trust. As Warren Buffett said, "It takes 20 years to build a reputation and five minutes to ruin it."

Focused on sustainability

CP is focused on sustainability by demonstrating effective management and remediation of historical contaminant sites. It also ensures that the handling, storage, transportation, and disposal of waste and other materials is carried out in a sustainable manner.

Recently, the company implemented an environmental management system to facilitate the reduction of environmental risk. Specific environmental programs are in place at Canadian Pacific (CP) to address areas such as air emissions, wastewater, management of vegetation, chemicals and waste, storage tanks, and fueling facilities. CP has also undertaken environmental impact assessments and risk assessments to identify, prevent, and mitigate environmental risks.

Established strategic emergency response

Further, there appears to be a continued focus on preventing spills and other incidents that have a negative impact on the environment. CP has put in place an established strategic emergency response contractor network, and spill equipment kits are located across Canada and the United States to ensure a rapid and efficient response in the event of an environmental incident.

In addition, emergency preparedness and response plans are regularly updated and tested at CP. In 2020, updates to CP's comprehensive oil spill response plan were made in accordance with the changes in the Pipeline and Hazardous Materials Safety Administration regulations. The company has developed an environmental audit program that comprehensively, systematically, and regularly

assesses the company's facilities for compliance with legal requirements and the company's policies for conformance to accepted industry standards. Included in this is a corrective action follow-up process and semi-annual review by senior management.

Key strategies and identifying tactics

CP also focuses on key strategies, identifying tactics and actions to support and operationalize the company's environmental commitments. CP is an industry leader in rail safety and appears to be committed to protecting the company's employees, communities, environment, and customers' goods.

Operationally, 2021 is CP's 15th consecutive year as an industry leader in train accident statistics. This is a phenomenal achievement. Operating safely is one of CP's five foundations of successful railroading and it starts with knowing and following the rules. CP HomeSafe is an initiative designed to improve the company's safety culture by tapping into the human side of safety and promoting both safety engagement and feedback.

Measuring safe operations

Further, the company's HomeSafe initiative puts everyone on the same level and empowers all employees to begin a safety conversation, no matter the rank or position. Safety performance is disclosed publicly on a quarterly basis using standardized metrics set out by the Federal Railroad Administration.

Overall, CP's relentless focus on sustainability and safety should enhance the business value and stock price over the long term.

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