

MOTORCAR PARTS OF AMERICA, INC.
COMPENSATION COMMITTEE CHARTER

ADOPTED BY THE BOARD OF DIRECTORS
ON JANUARY 15, 2015

PURPOSE

The purpose of the Compensation Committee (the “Committee”) shall be to discharge the responsibility of the Board of Directors (the “Board”) of Motorcar Parts of America, Inc. (the “Company”) relating to (i) the compensation of the Company’s Chief Executive Officer (the “CEO”) and the Company’s other executive officers (collectively, including the CEO, the “Executive Officers”), (ii) administration and review of the Company’s incentive-based and equity-based compensation plans and (iii) preparation of an annual report for inclusion in the Company’s proxy statement in accordance with applicable rules and regulations.

RESPONSIBILITIES AND DUTIES

In furtherance of its purpose, the Committee shall have the following authority and responsibilities:

1. To review and approve, on an annual basis, the annual base salaries and annual incentive opportunities of the Executive Officers. The CEO shall not be present during any Committee deliberations or voting with respect to his or her compensation.
2. To review and approve, periodically and as and when appropriate, the following as they affect the Executive Officers: (a) all other incentive awards and opportunities, including both cash-based and equity-based awards and opportunities; (b) any employment agreements and severance arrangements; (c) any change-in-control agreements and change-in-control provisions affecting any elements of compensation and benefits; and (d) any special or supplemental compensation and benefits for the Executive Officers and individuals who formerly served as Executive Officers, including supplemental retirement benefits and the perquisites provided to them during and after employment;
3. To review and approve, on an annual basis, corporate goals and objectives with respect to compensation of the CEO;
4. To review and discuss the Compensation Discussion and Analysis (the “CD&A”) required to be included in the Company’s proxy statement and annual report on Form 10-K by the rules and regulations of the Securities and Exchange Commission (the “SEC”) with management, and, based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included;
5. To review the Company’s incentive-based and equity-based compensation plans and to make or to make recommendations to the Board with respect to incentive-based and equity-based compensation plans;

6. Subject to applicable law, the Company's certificate of incorporation and by-laws, to exercise all the authority of the Board of Directors with respect to the administration of incentive-based and equity-based compensation plans and benefit plans;
7. To prepare the annual Compensation Committee Report for inclusion in the Company's annual proxy statement, in accordance with applicable rules and regulations;
8. To monitor the Company's compliance with the requirements under the Sarbanes-Oxley Act of 2002 relating to loans to directors and officers, and with all other applicable laws affecting employee compensation and benefits;
9. To oversee the Company's compliance with SEC rules and regulations regarding shareholder approval of certain executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, and the requirement under the NASDAQ rules that, with limited exceptions, shareholders approve equity compensation plans;
10. To receive periodic reports on the Company's compensation programs as they affect all employees; and
11. To make regular reports to the Board.

CONSULTANT

The Committee will have the authority, in its sole discretion, to retain and terminate (or obtain the advice of), any adviser to assist it in the performance of its duties, but only after taking into consideration factors relevant to the adviser's independence from management specified in NASDAQ Listing Rule 5605(d)(3). The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any adviser retained by the Committee, and shall have sole authority to approve the adviser's fees and the other terms and conditions of the adviser's retention. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any adviser retained by the Committee.

MEETINGS

The Committee shall meet as often as warranted, but not less frequently than annually. A majority of Committee members shall constitute a quorum. The Committee will keep minutes of each meeting. The keeping of minutes will be performed by a member of the Committee or someone so designated by the Committee.

COMMITTEE CHAIR

The Board shall appoint a Committee Chair. If the Committee Chair is absent from a meeting, another member of the Committee present at the meeting shall be appointed by the members of the Committee present at the meeting as acting Chair of such meeting.

TERM

Members will be appointed by the Board on the recommendation of the Nominating & Governance Committee and serve at the pleasure of the Board. The Board will fill vacancies on the Committee and may remove a Committee member from the membership of the Committee at any time with or without cause.

NUMBER OF MEMBERS

The Committee shall consist of no fewer than three members.

MEMBERSHIP

Members of the Committee will be members of the Board. Members of the Committee, by experience, education or training should have general familiarity with the Company's compensation plans and practices as well as compensation plans and issues generally at publicly traded companies. Members of the Committee shall meet the independence requirements of the NASDAQ Stock Market and any other regulatory requirements. At least two members of the Committee also shall qualify as "outside" directors within the meaning of Internal Revenue Code Section 162(m) and as "non-employee" directors within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

NONMEMBER ATTENDANCE

Members of management will be invited to attend Committee meetings as requested by the Committee.

AMENDMENT AND REVISION

From time-to-time, the Committee will review this charter and recommend to the Board any changes it deems advisable. At any time the Board acting on its initiative, or on recommendation of a committee, may amend this charter. Only the Board may amend this Committee's charter.

BOARD REPORTS

The Committee Chair shall report from time-to-time to the Board on Committee actions as he or she deems appropriate.

COMMITTEE SELF-ASSESSMENT

The Committee will from time-to-time review the Committee's own performance, which will include eliciting input from management and the Board on the performance of the Committee. The Committee will report the results of such self-assessment to the Board.