

INSMED INCORPORATED

CORPORATE GOVERNANCE GUIDELINES

As Amended November 6, 2018

The Board of Directors (the “*Board*”) of Insmmed Incorporated (the “*Company*”) has adopted the corporate governance guidelines set forth below to assist and guide the Board in the exercise of its responsibilities. These guidelines should be interpreted in accordance with any requirements imposed by applicable federal or state law or regulation, the rules of the NASDAQ Stock Market LLC (“*Nasdaq*”) and the Company’s Articles of Incorporation, as amended, restated or otherwise modified from time to time (the “*Articles of Incorporation*”), and Bylaws, as amended, restated or otherwise modified from time to time (the “*Bylaws*”). The Nominations and Governance Committee of the Board (the “*NGC*”) reviews these guidelines annually and recommends changes to the Board as appropriate.

I. DIRECTOR QUALIFICATION STANDARDS

- **Director Criteria:** The Board shall consider and approve from time to time the criteria that it deems necessary or advisable for the selection of director nominees. The Board shall have full authority to modify such criteria from time to time as it deems necessary or advisable. The Board evaluates each nominee in the context of the Board as a whole, with the objective of recommending a group of directors that can best oversee the business and affairs of the Company and use its diversity of experience to represent shareholder interests through the exercise of sound judgment. The Board seeks director nominees with experience in the pharmaceutical and biotechnology industries, as well as business, management, accounting and financial experience, among other areas. In addition, the Board’s criteria for directors include strength of character, sound business judgment, career specialization, relevant technical skills, independence, the ability to commit sufficient time to the Board, the extent to which a director nominee would fill a present need on the Board, along with geographic, gender, age, racial and ethnic diversity. Directors must promptly notify the NGC of any changes to their principal occupation or business association, including retirement.

The Board also evaluates an incumbent director’s independence and demonstrated service and commitment to the Company during his or her current term, including Board, committee and annual meeting attendance, when considering the candidacy of an incumbent director whose term is set to expire.

- **Process For Identifying and Selecting Directors:** The Board has delegated to the NGC the responsibility of identifying and recruiting suitable nominees to the Board (including nominees to fill any vacancies and newly created directorships) and assessing their qualifications in light of criteria approved by the Board. The NGC recommends director nominees for the Board’s consideration and reviews each nominee’s qualifications with the Board. The NGC also considers, in accordance with procedures established pursuant to the NGC Charter, director nominees

recommended by Company shareholders in accordance with the procedures set forth in the Bylaws.

In identifying and evaluating director nominees, the NGC considers the criteria listed under the section “*Director Criteria.*”

- **Independence and Related Considerations:** At least a majority of the members of the Board shall meet the Nasdaq independence standards, as determined by the Board. The Board makes an affirmative determination regarding the independence of each director annually, based on the recommendation of the NGC. In addition, the Board annually determines whether (i) the Audit Committee members satisfy the heightened Nasdaq independence standards and expertise requirements, (ii) the Audit Committee has an “audit committee financial expert” and (iii) the Compensation Committee members satisfy the heightened Nasdaq independence standards and qualify as “non-employee directors” for the purposes of Section 16 of the Securities Exchange Act of 1934, as amended, and “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended.
- **Limit on Number of Other Boards and Audit Committees:** Carrying out the duties and fulfilling the responsibilities of a director requires a significant commitment of an individual’s time and attention. The Board recognizes that excessive time commitments other than to the Board can interfere with a director’s individual’s ability to perform his or her duties effectively. Directors and director nominees (other than the Chair of the NGC) must notify the Chair of the NGC (who will notify the other NGC members) in advance of accepting a seat on the board of directors of another for-profit organization. The Chair of the NGC must notify the other members of the NGC in advance of accepting a seat on the board of directors of another for-profit organization. Such notice should be provided as promptly as reasonably practicable after receiving the offer to join such board so that the potential for conflicts, overboarding or other factors compromising the director’s ability to perform his or her duties may be fully assessed.

In connection with its assessment of director nominees, the Board assesses whether the performance of any director has been or is likely to be adversely impacted by excessive time commitments, including service on other boards of directors. Directors are encouraged to limit the number of other boards on which they serve so as not to interfere with their service as a director of the Company. Without approval from the Board, no director may serve on more than five public company boards (including the Board); *provided*, that no director who is simultaneously serving as the chief executive officer (or equivalent position) of a public company, including the Company, may serve on more than two public company boards (including the Board). Members of the Audit Committee may not serve on the audit committees of more than three public companies (including the Company’s Audit Committee) unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Audit Committee and discloses such determination in the Company’s annual proxy statement.

- **Avoidance of Conflicts:** Directors recognize that candor and avoidance (or in circumstances where conflicts are unavoidable or related person transactions are in the interests of the Company, the appropriate handling) of conflicts in fact and in perception are hallmarks of accountability owed to the Company and its shareholders. Each director shall complete a questionnaire at least annually to disclose whether the director has any actual, potential or apparent conflicts of interest with the Company. Directors also have an ongoing personal obligation to promptly disclose personal or business interests that involve an actual, potential or apparent conflict of interest to the Chair of the Audit Committee (who will notify the other Audit Committee members). The Chair of the Audit Committee must notify the other members of the Audit Committee of any such conflict involving himself or herself. If, in consultation with legal counsel, the Audit Committee (excluding any director who has such a conflict) determines that a conflict exists or the perception of a conflict is likely to be significant, it shall determine how to address the conflict, in accordance with the Company's Code of Business Conduct and Ethics and any other applicable regulations (including disclosure obligations) and Company policies. Directors having an actual, potential or apparent conflict are expected to recuse themselves from any discussion and vote related to such matter.
- **Term and Age Limits:** The Board does not believe that arbitrary limits on the number of consecutive terms a director may serve or on the directors' ages are appropriate in light of the substantial benefits resulting from a sustained focus on the Company's business, strategy and industry over a significant period of time. The Board believes that, as an alternative to term and age limits, it can ensure that the Board continues to evolve and consider new viewpoints through the evaluation and nomination process described in the guidelines.

II. **DIRECTOR RESPONSIBILITIES**

- **Role of Directors:** The business and affairs of the Company are managed under the direction of the Board, acting on behalf of the shareholders. The Board has delegated to the officers of the Company the authority and responsibility for managing the Company's everyday affairs. The Board has responsibilities to review, approve and monitor fundamental financial and business strategies and major corporate actions, assess major risks facing the Company and consider ways to address those risks, select and oversee management and the establishment and maintenance of processes and conditions to maintain the integrity of the Company.
- **Attendance at Meetings:** The Board shall meet at least quarterly. Each member of the Board is expected to make reasonable efforts to attend meetings of the Board and the Board committees on which the director serves. Attendance and participation at meetings is an important component of the directors' duties and, as such, attendance rates shall be taken into account by the NGC and the Board in connection with assessments of incumbent directors for renomination.

- **Attendance at Annual Meeting of Shareholders:** Directors are expected to make reasonable efforts to attend the annual meeting of shareholders absent unusual circumstances.
- **Time Commitment; Advance Distribution and Review of Materials:** Directors are expected to spend the time needed and, subject to any minimum meeting requirements herein or in the committee charters, meet as frequently as they deem necessary or advisable to discharge their responsibilities. Senior management is responsible for preparing and distributing to the directors information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting. Materials related to agenda items shall be provided to Board members sufficiently in advance of meetings where necessary to allow the directors to review and prepare for discussion of the items at the meeting. Directors are expected to review these materials in advance of the meeting when reasonably practicable to do so.
- **Share Ownership Guidelines:** Each non-employee Director of the Company is required to own, directly or indirectly, at a minimum, shares of common stock of the Company, par value \$0.001 per share (the "*Common Stock*"), valued at three times the annual cash Board retainer (the "*Minimum Ownership Level*"). The Minimum Ownership Level is expected to be achieved by November 5, 2020 or within five years after first appointment to the Board, whichever is later. If the number of shares of Common Stock that Directors are required to own is increased, additional time may be provided for non-employee Directors to attain such revised level of ownership.

III. **BOARD STRUCTURE AND FUNCTIONING**

- **Size of Board:** Based on recommendations from the NGC and the Board's assessment of its needs and other relevant circumstances, the Board determines the appropriate size of the Board from time to time, subject to any relevant provisions in the Articles of Incorporation or the Bylaws.
- **Board Leadership:** The Board believes that it is in the best interests of the Company to maintain the flexibility to make determinations about separation of the positions of Board Chair and chief executive officer ("CEO"). The NGC considers this structure as part of its annual review of the size, organization, structure, composition and operations of the Board and its committees. In the event the positions of Board Chair and CEO are separate, the Board Chair shall be independent. In the event the positions of Board Chair and CEO are combined, a Lead Independent Director shall be appointed by the Board.

The Board Chair and the Lead Independent Director, if applicable, will each be elected by the Board on an annual basis following the Company's Annual Meeting of Shareholders. The duties and responsibilities of the independent Board Chair (or Lead Independent Director, should one be appointed) are set forth in Exhibit A.

- **Committees:** The Board has established the following standing committees: Audit Committee, Compensation Committee and NGC. Each of these committees and any other standing committee of the Board shall have a written charter that sets forth the responsibilities of such committee and the qualifications for committee membership. Each standing committee shall review and assess the adequacy of its charter at least annually and report regularly to the Board with respect to its activities. The Board may from time to time establish additional committees as necessary or advisable.

Membership on the Audit, Compensation and NGC is limited to independent directors meeting the Nasdaq independence standards. In addition, directors who serve on the Audit Committee and the Compensation Committee must meet heightened independence criteria established by the Securities and Exchange Commission and Nasdaq.

The Board shall select committee members and committee chairs on an annual basis. The Board shall have the authority at any time to change the membership of and fill vacancies in the Company's committees.

Subject to the relevant committee charter, the Chair of each committee determines the frequency, length and agenda of the committee's meetings. Materials related to agenda items are provided to committee members sufficiently in advance of meetings where necessary to allow the members to review and prepare for discussion of the items at the meeting.

- **Executive Sessions:** The independent directors shall meet as a group in executive session at least quarterly. The independent Board Chair or Lead Independent Director, as applicable, presides at executive sessions. In addition, the independent directors shall establish a process by which interested parties can communicate directly and confidentially with the Board and with individual directors.
- **Strategic Planning:** The Board reviews the Company's long-term strategic plan at least annually and monitors implementation of the strategic plan throughout the year.

IV. **DIRECTOR ACCESS TO MANAGEMENT AND INDEPENDENT ADVISORS**

- In carrying out its responsibilities, the Board, and each committee thereof, shall be entitled to rely on the advice and information that it receives from management and such experts, advisors and professionals with whom the Board, or any such committee, may consult. The Board, and each committee thereof, shall have the authority to request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent auditor or any other professional retained by the Company to render advice to the Company, attend a meeting of the Board, or such committee, or meet with any members of or advisors to the Board. The Board or each committee thereof shall also have the authority to engage outside counsel, experts and other advisors as it determines appropriate to assist it in the full performance of its functions. The expenses related to such outside counsel, experts

and other advisors engaged by the Board or any committee thereof shall be paid by the Company.

V. DIRECTOR COMPENSATION

- The form and amount of director compensation shall be reviewed annually by the Compensation Committee of the Board, which shall make recommendations to the Board based on such review. The Board shall retain the ultimate authority to determine the form and amount of director compensation. In determining director compensation, the Compensation Committee and the Board shall consider the impact of such compensation on director independence and objectivity.
- Including Company equity as part of director compensation is encouraged.

VI. PERFORMANCE ASSESSMENT OF THE BOARD AND COMMITTEES

- The Board and each committee thereof shall conduct an annual self-assessment for the purpose of determining whether it is functioning effectively. These assessments should consider the performance of the Board or the committee, as the case may be, as a unit. The NGC shall oversee any such self-assessment process, and the Board and each committee thereof shall report to the NGC on the results of their respective self-assessments.

VII. EVALUATION OF THE CEO

- The Compensation Committee is responsible for setting annual and long-term performance goals for the CEO and evaluating the CEO's performance against those goals, and the Compensation Committee is responsible for recommending to the Board the individual elements of total compensation for the CEO. Both the goals and the evaluation are submitted for consideration by the independent directors meeting in executive session. The results of the evaluation are shared with the CEO and used by the independent directors of the Board in determining the CEO's compensation.

VIII. MANAGEMENT CONTINUITY PLANNING

- The Compensation Committee is responsible for oversight of the management continuity planning process for positions held by executive officers. At least annually, the Compensation Committee shall review with the Board and certain executive officers succession planning and management development, including recommendations and evaluations of potential successors to fill the CEO and other executive officer positions. The continuity planning process shall include consideration of both ordinary course succession, in the event of planned promotions and retirements, and planning for situations where the CEO or another executive officer unexpectedly becomes unable to perform the duties of his or her position.

IX. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

- The Company has an orientation process for Board members that is designed to familiarize new directors with various aspects of the Company's business, including the Company's strategy, operations, finances, risk management processes, compliance program and governance practices. The Board encourages directors to participate in additional education programs to assist them in performing their responsibilities as directors and, where applicable, committee members.

X. MISCELLANEOUS

- The Board believes that management should be responsible for communications with the press, media and other outside parties made on behalf of the Company, though individual Board members may, at the request of management or of the Board, communicate with outside parties on behalf of the Company.
- The proceedings and deliberations of the Board and its committees, and the materials prepared in connection therewith, shall be treated as confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director, except where required by law or court order.
- These guidelines are not intended to modify, extinguish or in any other manner limit the indemnification, exculpation and similar rights available to the directors of the Company under applicable law, the Articles of Incorporation and the Bylaws.
- Although these corporate governance guidelines have been approved by the Board, it is expected that these guidelines will evolve over time as customary practice and legal requirements change. In particular, guidelines that encompass legal, regulatory or exchange requirements as they currently exist shall be deemed to be modified as and to the extent such legal, regulatory or exchange requirements are modified. In addition, the guidelines may be amended by the Board at any time.

Exhibit A

Duties and Responsibilities of the independent Board Chair or Lead Independent Director

The duties and responsibilities of the independent Board Chair or Lead Independent Director shall consist of the following:

Duties Related to the Functioning of the Board

1. Call and chair regular and special meetings of the Board and all executive sessions of the independent directors.
2. Establish, in consultation with the CEO and the committee chairs, the agenda and schedule of regular or special meetings of the Board and executive sessions of the independent directors.
3. Chair and preside at annual or special meetings of shareholders.
4. Consult with the CEO to determine who attends Board meetings, including management and outside advisors.
5. Oversee the process of informing the Board through the timely dissemination of information and materials. Serve as a liaison among the directors and facilitate communication between the Board and senior management.
6. Encourage and facilitate the active and appropriate engagement of all directors during Board meetings and otherwise.
7. Oversee the retention of independent legal, accounting or other advisors, as necessary, which report directly to the Board and consult with committee chairs with respect to the retention of advisors by Board committees.

Duties Related to Board Committees

8. Confer with the committee chairs to coordinate the schedule of Board committee meetings.
9. In his or her discretion, attend meetings of Board committees of which he or she is not a member, except to the extent any committee desires to meet in executive session with only its members.

Duties Related to the Chief Executive Officer and Other Executive Officers

10. Discuss with the CEO and other executive officers, as relevant, matters raised in executive sessions of the independent directors.
11. Consult with the chair of the Compensation Committee on the Board process for the evaluation and compensation of the CEO.

Other Duties Generally

12. Review correspondence addressed to the Board or to the independent directors and determine the appropriate response.
13. Such other duties as the Board may from time to time delegate to assist the Board in the fulfillment of its responsibilities.