

INSMED INCORPORATED
CORPORATE GOVERNANCE GUIDELINES

As Amended November 5, 2015

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 “*Nominations Committee*”) 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 prospective director candidates. The Board shall have full authority to modify such criteria from time to time as it deems necessary or advisable.

The Nominations Committee has the responsibility to assist the Board in establishing and recommending to the Board for its consideration and approval such criteria for prospective director candidates as the Nominations Committee deems necessary or advisable and periodically reviewing these criteria. The Board’s criteria include strength of character, maturity of judgment, career specialization, relevant technical skills, diversity, independence, the ability to commit sufficient time to the Board, and the extent to which the candidate would fill a present need on the Board.

- **Process For Identifying and Selecting Directors:** The Board has delegated to the Nominations Committee the responsibility of identifying and recruiting suitable candidates for nomination to the Board (including candidates to fill any vacancies and newly created directorships) and assessing their qualifications in light of criteria approved by the Board. The Nominations Committee will recommend prospective director candidates for the Board’s consideration and review the prospective candidates’ qualifications with the Board. The Nominations Committee also considers director candidates recommended by Company shareholders in accordance with the procedures set forth in the proxy statement. The Board shall retain the ultimate authority to nominate a candidate for election by the shareholders as a director or to fill any vacancy or newly created directorship.

In identifying and evaluating prospective director candidates, the Nominations Committee may consider all facts and circumstances that it deems appropriate or advisable, including, among other things, the skills and characteristics of the

candidate as well as the composition of the Board as a whole. In addition, the Nominations Committee will evaluate a candidate's independence, diversity, skills and experience in the context of the needs of the Board.

- **Independence:** 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 Nominations Committee. In addition, at least annually, the Board will evaluate, based on the recommendation of the Nominations Committee, all relationships between the Company and each director in light of relevant facts and circumstances for the purposes of determining whether a material relationship exists that might signal a potential conflict of interest or otherwise interfere with such director's ability to satisfy his or her responsibilities as an independent director.

- **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 does not believe, however, that explicit limits on the number of other boards of directors on which the directors may serve, or on other activities the directors may pursue, are appropriate. The Board, however, recognizes that excessive time commitments can interfere with an individual's ability to perform his or her duties effectively. In connection with its assessment of director candidates for nomination, the Board will assess 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.

Members of the Audit Committee may not serve on the audit committees of more than three public companies unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Committee and discloses such determination in the Company's annual proxy statement. Directors and director nominees must notify the Chair of the Nominations Committee in advance of accepting a seat on the board of directors of another for-profit organization so that the potential for conflicts or other factors compromising the director's ability to perform his or her duties may be fully assessed.

- **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. The Company will survey each director at least annually to determine if the director has any actual, potential or apparent conflicts of interest with the Company. Directors have a personal obligation to disclose personal or business interests that involve an actual, potential or apparent conflict of interest to the Chair of the Nominations Committee prior to any Board decision related to the matter and, if in consultation with the Audit Committee and legal counsel, it is determined that a conflict exists or the perception of a conflict is likely to be significant, the Audit Committee shall determine how to address,

in accordance with the Company's Code of Business Conduct and Ethics and any other applicable Company policies and any related disclosure obligations. Directors having a conflict, potential conflict or apparent conflict are expected to recuse themselves from the discussion and the vote related to the 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. Each individual's contributions and performance will be assessed by the Nominations Committee and the Board in light of relevant factors in connection with assessments of candidates for nomination to be directors.

II. DIRECTOR RESPONSIBILITIES

- **Role of Directors:** The business and affairs of the Company are managed by or 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 an oversight role and is not expected to perform or duplicate the tasks of the chief executive officer (the "*CEO*") or senior management.
- **Attendance at Meetings:** 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. In the event that directors are unable to make at least 75% of those regular or special meetings (together with the meetings of committees on which such director serves), the Company will be required to disclose that fact in its annual proxy statement. In addition, attendance and participation at meetings is an important component of the directors' duties and, as such, attendance rates will be taken into account by the Nominations Committee and the Board in connection with assessments of director candidates for renomination as directors.
- **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 meet as frequently as the Board deems necessary or appropriate to discharge their responsibilities. Senior management is responsible for 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. Directors should review these materials in advance of the meeting when reasonably practicable.
- **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 within five years of the adoption of the guidelines (November 5, 2020) or within five years of first appointment to the Board, whichever is later. If the number of shares of Common Stock that Directors are required to own is increased, the non-employee Directors will have five years from the effective date of the increase to attain such revised level of ownership.

III. BOARD STRUCTURE AND FUNCTIONING

- **Size of Board:** The Nominations Committee considers and makes recommendations to the Board regarding size, organization, structure, composition and operations of the Board. 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, depending on an assessment of the Board’s needs and other relevant circumstances at any given time.
- **Board Leadership:** The Board believes that it should have the flexibility to make determinations about whether the positions of Chair of the Board and CEO should be separate in the way that it believes best provides appropriate leadership for the Company at a given time. The Nominations Committee shall periodically assess the Board’s leadership structure, including whether the offices of Chair of the Board and CEO should be separate and why the Board’s leadership structure is appropriate given the specific characteristics or circumstances of the Company, and recommend changes to the Board as appropriate.

The positions of Chair and CEO are currently separate, and the Board Chair is elected by the Board for a one year term of office following the Company’s Annual Meeting of Shareholders. The Nominations Committee annually nominates an independent director for election by the Board as Chair, and annually reviews the duties and responsibilities of the Chair and submits any proposed changes to the Board for approval. The duties and responsibilities of the independent Board Chair are set forth in Exhibit A.

- **Committees:** The Board intends at all times to have an Audit Committee, a Compensation Committee and a Nominations and Governance Committee. Each standing committee will have a written charter that sets forth the responsibilities of such committee and the qualifications for committee membership. Each standing committee reviews and reassesses the adequacy of its charter at least annually and reports regularly to the full Board with respect to its activities. The Board may from time to time establish additional committees as necessary or appropriate.

Membership on the Audit, Compensation and Nominations Committees is limited to independent directors meeting the NASDAQ independence requirements. In addition, directors who serve on the Audit Committee and the Compensation Committee must meet additional, heightened independence criteria applicable to directors serving on these committees under NASDAQ requirements.

The Nominations Committee considers and makes recommendations to the Board regarding committee size, organization, structure, composition and operations. The members and Chair of each committee are recommended to the Board by the Nominations Committee and appointed by the full Board.

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 Board Chair presides at executive sessions. In addition, the independent directors will provide 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.

V. DIRECTOR COMPENSATION

- The form and amount of director compensation will be reviewed periodically, but at least biennially, 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.
- Including equity as part of director compensation is encouraged.

VI. PERFORMANCE ASSESSMENT OF THE BOARD AND COMMITTEES

- The Board shall conduct an annual self-assessment for the purpose of determining whether it and its committees are functioning effectively, and each committee of the Board shall conduct an annual self-assessment for the purpose of determining whether it is functioning effectively. These assessments will consider the

performance of the Board or the committee, as the case may be, as a unit. The Nominations Committee will oversee any such self-assessment process.

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 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 reviews with the Board succession planning and management development, including recommendations and evaluations of potential successors to the fill the CEO and other executive officer positions. The continuity planning process includes 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.

X. 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 education programs to assist them in performing their responsibilities as directors.

XI. POLITICAL CONTRIBUTIONS

- The Board oversees the Company's policies and procedures regarding political contributions. The Company forbids the use of corporate funds, resources or property for the support of political parties or political candidates for any office unless approved in advance by the Board.

XII. MISCELLANEOUS

- The Board believes that the 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.

- 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 and/or the Articles of Incorporation and/or 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 will be deemed to be modified as and to the extent such legal, regulatory or exchange requirements are modified. In addition, the guidelines may also be amended by the Board at any time as it deems appropriate.

Exhibit A

Duties and Responsibilities of the Independent Board Chair

The duties and responsibilities of the independent Board Chair shall consist of:

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 concert 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, that 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. Attend meetings of Board committees of which the Chair is not a member in the Chair's discretion except to the extent any committee desires to meet in executive session with only the members of such committee.

Duties Related to the Chief Executive Officer and Other Executive Officers

10. Act as a sounding board and advisor to the CEO.
11. Discuss with the CEO matters raised in executive sessions of the independent directors.
12. Consult with the chair of the Compensation Committee on the Board process for the evaluation and compensation of the CEO.

Other Duties Generally

13. Assist the Board, the Board's Nominations and Governance Committee and senior management in implementing and complying with the Board's corporate governance policies and the Company's code of conduct.
14. Review correspondence addressed to the Board or to the independent directors and determine the appropriate response.
15. Such other duties as the Board may from time to time delegate to assist the Board in the fulfillment of its responsibilities.