

PSIVIDA CORP.

CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the “Board”) of pSivida Corp. (the “Company” or “pSivida”) has adopted the following Corporate Governance Guidelines (the “Guidelines”) to assist the Board in exercising its responsibilities. These Guidelines reflect the Board’s commitment to building long-term shareholder value with an emphasis on corporate governance. These Guidelines are in addition to, and are not intended to change or interpret, any Federal or state law or regulation applicable to the Company, including Delaware law, the Articles of Incorporation or Bylaws of the Company or any rule or regulation of any stock exchange applicable to the Company. The Board reserves the right to modify these Guidelines from time to time, as it deems necessary or advisable.

BOARD COMPOSITION AND PERFORMANCE

1. Selection of Chair of the Board and Chief Executive Officer

The roles of the Chief Executive Officer and Chair of the Board shall be separate. The Board shall choose its Chairman in any way it considers to be in the best interests of the Company taking into consideration any recommendation by the Governance and Nominating Committee.

2. Size of the Board

The Board shall have no fewer than four and no more than nine members, the exact number of which shall be determined from time to time by the Board in accordance with the Company’s Certificate of Incorporation and By-Laws, and pursuant to duly adopted resolutions of the Board.

3. Selection of New Directors

The entire Board is responsible for evaluating and nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of shareholders. The Governance and Nominating Committee is responsible for identifying, recruiting, interviewing, screening and recommending candidates to the entire Board for Board membership. When formulating its Board membership recommendations, the Governance and Nominating Committee shall also consider any advice and recommendations offered by the Chief Executive Officer and the shareholders of the Company. Shareholder nominations for election to the Board at any shareholder meeting shall be submitted to the Secretary of the Company in accordance with the Bylaws of the Company and the Securities Exchange Act of 1934, and the applicable rules and regulations promulgated thereunder.

4. Board Membership Criteria and Expectation of Directors

The Governance and Nominating Committee is responsible for assessing the appropriate balance of experience, skills and characteristics required of Board members.

Nominees for director shall be selected on the basis of depth and breadth of experience, wisdom, integrity, skills, expertise, ability to make independent analytical inquiries, understanding of the Company's business environment, and willingness to devote adequate time to Board duties.

Directors are encouraged to limit the number of other boards on which they serve and are expected to ensure that other commitments do not interfere with the director's discharge of his or her duties. Any director who serves on three public company boards in addition to the Company's Board shall receive approval from the Governance and Nominating Committee and the Chairman of the Board before accepting an invitation to serve on an additional board of directors unless such director is retired from his/her principal occupation in which case such approval is not necessary.

The proceedings and deliberations of the Board and its Committees are confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

Directors must disclose to the rest of the members of the Board (or any Committee on which such directors are members) any potential conflict of interest that they may have, or that they believe may arise, with respect to a matter under discussion and, if appropriate, refrain from participating in the discussion relating to, or voting on, a matter on which they may have a conflict.

In their roles as directors, all directors owe a duty of loyalty to the Company. This duty of loyalty mandates that the best interests of the Company take precedence over any interests possessed by a director.

Each director should be sufficiently familiar with the business of the Company and the risks and competition it faces to facilitate active and effective participation in the deliberations of the Board and of each Committee on which he or she serves.

Each director should own stock in the Company or hold options to acquire stock in the Company.

Each director should make efforts to attend no fewer than 75 percent of the combined total of all Board meetings and meetings of Committees on which such director serves and to attend each annual meeting of shareholders.

Unless prevented by illness or other extenuating circumstances, each director should make efforts to participate at regular Board and Committee meetings in person.

New directors will be promptly provided with materials relating to the operations, finances and business plan of the Company, and will be briefed by the Company's

executive officers, and at the new director's request, other members of management and the independent auditors. All directors shall use reasonable efforts to attend periodically, at the Company's expense, one continuing education program for corporate directors and are otherwise expected to be knowledgeable about effective corporate governance practices. If a director serves on other boards of directors and attends a formal continuing education program for such other board(s), this requirement shall be satisfied.

5. Percentage of Independent Directors on Board

A majority of the Board shall consist of directors who the Board has determined are "independent" under the rules of the Nasdaq and any other applicable rules. No more than two employees may serve on the Board at the same time.

The Board shall make an annual determination of the independence of each member of the Board, in accordance with applicable laws, regulations and stock exchange listing agreements.

6. Chair of the Board

The Chairman is responsible for setting Board meeting dates and locations, setting meeting agendas, presiding over all Board and stockholder meetings and all executive sessions of the Board, and meeting regularly with the Chief Executive Officer between Board meetings. In exercising this leadership, the Chairman shall consult with the Chief Executive Officer and the Board as a whole. The Chairman will also make certain that there is full and candid communication among the directors, and between the directors and the Chief Executive Officer.

7. Directors Who Change Their Present Job Responsibility

Each executive officer of the Company who serves on the Board will submit his or her resignation to the Board at the time such officer ceases to be an executive officer of the Company.

Non-employee directors who retire from their executive positions at other companies or change the position they held when they became a member of the Company's Board do not necessarily have to leave the Board, but must report such changes to the Governance and Nominating Committee. Upon being notified of any such changes in position, the Governance and Nominating Committee will review the appropriateness of continued Board membership under the circumstances and the affected director will be expected to act in accordance with the Governance and Nominating Committee's recommendation.

8. Term Limits

The Board has no established term limits for directors. While term limits offer some advantages, the Board believes that any benefit is outweighed by the

disadvantage of losing experienced directors who have developed valuable insight into the Company and its operations, strategies, plans and potential. As an alternative to term limits, the Governance and Nominating Committee shall review the current effectiveness of each director (including themselves) on an annual basis in deciding who to recommend to the full Board, who then shall nominate directors for election by the stockholders.

9. Board Compensation

The Company's executive officers shall not receive additional compensation for their service as directors.

Compensation for non-employee directors should be competitive. In order to align the long-term interests of the directors with those of the stockholders, compensation and should encourage increased ownership of pSivida's stock through the payment of a portion of such directors' compensation in Company stock or options to purchase the Company's stock.

Any changes in Board compensation shall first be proposed by the Compensation Committee and then discussed and voted on by the Board as a whole.

10. Board and Director Evaluation

The Board shall conduct a self-evaluation at least annually to determine whether it is functioning effectively on behalf of stockholders. The Board should periodically consider the mix of skills and experience that directors bring to the Board to assess whether the Board has the necessary tools to perform its oversight function effectively. The Governance and Nominating Committee is authorized to provide oversight to the evaluation process.

Each Committee of the Board should conduct a self-evaluation at least annually and report the results to the Board.

11. Board Contact with Senior Management

All directors are invited to contact the Chief Executive Officer at any time to discuss any aspect of the Company's business. Directors also have complete access to other members of senior management. The Board expects that there will be frequent opportunities for directors to meet with the Chief Executive Officer and other members of senior management in Board and Committee meetings and in other formal and informal settings.

Further, the Board encourages management, from time to time, to bring managers into Board meetings who (1) can provide additional insight into the items being discussed because of personal involvement and substantial knowledge in those areas and/or (2) are managers with future potential that the senior management believes should be given exposure to the Board.

12. Access to Independent Advisors

The Board, as well as each Committee, at its determination, can retain the services of one or more independent outside advisors (financial, legal, compensation, etc.) as appropriate, at the Company's expense.

13. Board Interaction with Shareholders, Press and Customers

Management shall speak for the Company. Each director shall refer all inquiries from the press or customers to the Chief Executive Officer. If any shareholder wishes to address questions regarding the business affairs of the Company directly to the Board, or any individual director, the shareholder shall submit his inquiry in writing to the Chair of the Board.

BOARD MEETINGS

14. Frequency of Meetings

There will be at least four regularly scheduled meetings of the Board each year.

15. Selection of Agenda Items for Board Meetings

The Chair of the Board and the Chief Executive Officer shall jointly prepare and circulate an agenda for each meeting of the Board. The agenda shall set forth a general agenda of items to be considered by the Board at each meeting. Each Board member shall be free to suggest additional agenda items or to raise at any Board meeting subjects that are not specifically on the agenda for consideration.

16. Executive Sessions

To provide free and open discussion and communication among the non-management directors, such directors shall meet in executive session at every regularly scheduled meeting of the Board with no members of management present. The Chairman shall preside at the executive sessions.

COMMITTEE MATTERS

17. Number, Names and Independence of Board Committees

The Board shall have three standing Committees: Audit and Compliance Committee, Governance and Nominating Committee and Compensation Committee. Each of these Committees shall comprise solely independent directors. A director may sit on more than one Committee for which he or she qualifies. The duties of each of these Committees shall be set forth in a charter approved of by the Board, and shall incorporate the requirements of applicable legislation and exchange guidelines. The

Board may restructure such Committees, form a new Committee, or disband a current Committee depending on circumstances.

18. Assignment and Rotation of Committee Members

The Governance and Nominating Committee shall recommend to the Board the chair and membership of each Committee, and a majority of the Board shall determine the Committee chair and membership of each Committee. Committee membership and the position of the Committee chair shall not be rotated on a mandatory basis unless the Board determines that rotation is in the best interests of the Company.

MANAGEMENT DEVELOPMENT

19. Evaluation of Chief Executive Officer's Performance

The Compensation Committee, with input from the Chief Executive Officer, shall annually establish the performance criteria to be considered in connection with the Chief Executive Officer's performance evaluation. Each year, the Chief Executive Officer shall make a presentation to the Compensation Committee indicating his/her progress in each such established performance criteria. Thereafter, the Compensation Committee shall meet to review and evaluate the Chief Executive Officer's performance and determine the Chief Executive Officer's compensation. The results of that review shall be communicated to the Board sitting in executive session without the Chief Executive Officer.

20. Succession Planning

The Board will review succession planning for each of the officers and other key employees of the Company annually. In the event of the resignation, retirement, or other inability to serve, of the Chief Executive Officer, the Board, or a specially established Committee thereof comprised of independent directors, shall evaluate potential successors and select a successor.

Adopted October 2010